84TH CONGRESS } SENATE { REPORT
1st Session } { No. 1034

CONVERSION OF MERCHANT VESSEL TO ATOMIC ENERGY PROPULSION

JULY 20, 1955.—Ordered to be printed

Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

[To accompany S. 2522]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (S. 2522) to authorize appropriations for the conversion and operation of a merchant vessel and for the construction and installation of an atomic energy propulsion facility and auxiliary equipment, and for other purposes, having considered the same, report thereon without amendment and recommend that the bill be referred to the Joint Committee on Atomic Energy.

The committee is convinced that the United States should take the lead in efforts to apply the potentialities of atomic power to the propulsion of merchant vessels, and that the most, and in fact the only, practical way to achieve progress in this field is through construction and operation of a merchant vessel propelled by a nuclear reactor, and the training of personnel in the operation and maintenance of such a vessel.

In view of the fact that licenses for such construction and operation come under the jurisdiction of the Joint Committee on Atomic Energy and the Atomic Energy Commission, we ask that the bill (S. 2522) be referred to the Joint Committee on Atomic Energy for consideration and jurisdictional action.

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84TH CONGRESS } SENATE { REPORT
1st Session } { No. 1035

NUCLEAR-POWERED PROTOTYPE MERCHANT SHIP FOR OPERATION IN FOREIGN COMMERCE OF THE UNITED STATES

JULY 20, 1955.—Ordered to be printed

Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

[To accompany S. 2523]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (S. 2523) to amend section 212 of the Merchant Marine Act, 1936, as amended, to authorize the construction of a nuclear-powered prototype merchant ship for operation in foreign commerce of the United States, to authorize research and experimental work with vessels, port facilities, planning, and operating and cargo handling on ships and at ports, and for other purposes, having considered the same, report thereon without amendment and recommend that the bill be referred to the Joint Committee on Atomic Energy.

PURPOSE OF THE BILL

The purpose of the bill is (1) to apply the vast potentialities of atomic power for peaceful utilization in the field of ocean transportation; (2) through the development of this first nuclear-powered commercial vessel, to regain for our country leadership in world shipping, a position which as a great world power we must maintain if we are to remain in the forefront; and (3) to provide for research in developing shoreside facilities to handle expeditiously the movement of cargoes in this modern age.

Under the broad provisions of the bill, it is projected that the whole sphere of ocean transportation will ultimately be transformed, to the advantage of our own maritime facilities of every type and description, and of the entire world as well. Envisioned herein is not only a radically new propulsion facility for use in vessel hulls of present-day design. In conjunction with the studies and activities presently underway in the Maritime Administration, and in collaboration with public and private interests concerned in the maritime field, the

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research and experimentation made possible under this bill is designed to revolutionize outmoded shoreside facilities, procedures and techniques which today are mainly responsible for the high costs of cargo handling and the slow turnaround of vessels in the general cargo trades.

These phases of the maritime industry are wide open for improvement, and the bill would stimulate such improvement. The lower ports costs thus possible would lessen and possibly eliminate the competitive advantages now enjoyed by foreign low-wage shipping, to the enduring benefit of the privately owned merchant fleet upon which America's foreign trade and national economy are so dependent.

In its ultimate aspects the bill is simply a modern application of the National Maritime Policy laid down by Franklin D. Roosevelt with clarity and vision in the Merchant Marine Act of 1936. It seeks by the use of the most promising means at hand to further the advancement of the privately owned shipping fleet by leading the way toward the practical utilization of nuclear power, and to employ this stimulating force to revitalize every phase of ocean shipping activities.

GENERAL DISCUSSION

After the Civil War and with the advent of the iron ship and steam propulsion our Government sat idly by, content to compete for the carriage of our commerce in wooden sailing ships.

Outmoded, the fabulous *Yankee Clipper* was driven from the seas. From a position of eminence in shipping we toppled to such depths that in the early part of this century our Navy had to charter foreign-flag ships to carry supplies in order to sail around the world. Except for a brief flurry during World War I, American shipping did not fully recover from its failure to recognize that the wooden ship was obsolete and the iron ship a reality. This lethargy in national policy continued until the passage of the 1936 act. We cannot afford to let it happen again.

The development of nuclear propulsion and a ship to use it will be costly. From the experience gained in constructing and operating this prototype, its successor will be much further along the road to practical utilization in the foreign commerce of our Nation, just as the *Sea Wolf* far outstrips its prototype, the *Nautilus*.

Objections to the project may be expected. Pioneering in every field has been the lever that lifted the American economy to eminence unmatched in all history. Now, with our Nation's privately owned merchant fleet facing almost total replacement within a decade, at a cost in the billions of dollars, a few million spent wisely now, on designs and nuclear-power facilities for the future, undoubtedly will bring handsome profits in another 10 or 20 years.

To those who say that atomic science is not far enough advanced for such a project as this bill proposes, it must be recalled that similar doubts were raised as to the feasibility of an atomic submarine—and proven wrong.

The Engineering Research Institute of the University of Michigan has assured the Maritime Administration, after studying the possibilities, that—

> it is technically feasible and safe to construct and operate merchant ships powered by nuclear reactors. * * * Analyses point to the desirability for immediate

construction. * * * At this time it is not possible to predict costs (of construction and operation) * * * the construction and operation of such a ship is the only means by which reliable, competitive, economic, and performance data can be obtained.

This Nation is blessed in a superlative way with the scientific abilities and production skills which will be required to harness the still largely unknown potential of the atom. Those who developed the most awesome instrumentalities of war can be depended upon to meet successfully the challenge presented them in the fashioning of this spectacularly new and modern prototype merchant vessel to serve the foreign commerce of our country.

Above and beyond any mere financial or commercial considerations, however, are the beneficial results in the realm of improved world relations, likely to flow from successful accomplishment of the nuclear-propelled vessel this bill would authorize.

As the recognized leader of the free nations of the world, the United States has a definite responsibility to mankind to further in every possible way the peaceful application of this newly unleashed nuclear power to man's needs.

To millions throughout the world atomic power has only one meaning: Death. Our people know that it has other more important meanings—health, happiness, heat, improved living for all mankind.

That story will have to be told, over and over again, by every medium of communication at our command, if it is to be gotten across to those millions now cowering in fear. Here is a dramatic medium for such a message of hope for all mankind.

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Calendar No. 1041

84TH CONGRESS, 1st Session } SENATE { REPORT No. 1036

POSTPONEMENT FOR 12 MONTHS OF REDUCTION FORMULA APPLICABLE TO INSTITUTIONAL ON-FARM TRAINING

JULY 20, 1955.—Ordered to be printed

Mr. LEHMAN, from the Committee on Labor and Public Welfare, submitted the following

REPORT

[To accompany S. 2081]

The Committee on Labor and Public Welfare, to whom was referred the bill (S. 2081) to amend the Veterans' Readjustment Assistance Act of 1952 to provide that education and training allowances paid to veterans pursuing institutional on-farm training shall not be reduced for 12 months after they have begun their training, having considered the same, unanimously report favorably thereon without amendment and recommend that the bill do pass.

SUPPORTERS OF THE BILL

The bill is favored by the Veterans' Administration and has the strong support of the American Legion, the Veterans of Foreign Wars, AMVETS, and the National Association of State Approval Agencies.

EXPLANATION OF THE BILL

Under section 232 (d) of Public Law 550, 82d Congress, the Veterans' Readjustment Assistance Act of 1952, known popularly as the Korean GI bill of rights, veterans taking institutional on-farm training receive education and training allowances in the following amounts: $95 a month for a veteran with no dependents; $110 a month for a veteran with 1 dependent; or $130 a month for a veteran with more than 1 dependent. The same section provides, however, that at the end of each 4-month period of such on-farm training, the rate of allowances indicated above shall be reduced by an amount which bears the same ratio to $65 a month (for a veteran with no dependents), $80 a month (for a veteran with 1 dependent) or $100 a month (for

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a veteran with more than 1 dependent), as 4 months bears to the total duration of the veteran's institutional on-farm training.

It is the opinion of the committee that the automatic reduction formula in the present law should be held in abeyance for a period of 12 months because veterans taking this training should be in a position to continue their farming on a self-sustaining basis after Government assistance has been terminated. If veterans are not placed in such a position, two consequences may result: (1) Many of those who start training are forced to drop out for lack of adequate income, with resultant loss of time and effort expended for such training and resultant waste of the Government funds extended to aid the veterans' financial and occupational readjustment; and (2) many other veterans are discouraged from even beginning the training because of this automatic reduction formula. To prevent these undesirable consequences, the committee recommends enactment of S. 2018.

The monthly rates which a veteran with 2 dependents pursuing a 36-month course receives under present law and which he would receive under S. 2081, if enacted, are indicated in the following table:

TABLE I.—*Example: Veteran with 2 dependents taking 36 months' on-farm training course*

	Amount of reduction (to nearest dollar)	Net payment per month
FORMULA UNDER PRESENT LAW (PUBLIC LAW 550, 82D CONG.)		
1st through 4th month, no reduction		$130
5th through 8th month, $\frac{4}{36}$ (or $\frac{1}{9}$) of $100	$11	130−$11=$118
9th through 12th month, $\frac{8}{36}$ (or $\frac{2}{9}$) of $100	22	130− 22= 107
13th through 16th month, $\frac{12}{36}$ (or $\frac{1}{3}$) of $100	33	130− 33= 96
17th through 20th month, $\frac{16}{36}$ (or $\frac{4}{9}$) of $100	45	130− 45= 85
21st through 24th month, $\frac{20}{36}$ (or $\frac{5}{9}$) of $100	56	130− 56= 74
25th through 28th month, $\frac{24}{36}$ (or $\frac{2}{3}$) of $100	67	130− 67= 63
29th through 32d month, $\frac{28}{36}$ (or $\frac{7}{9}$) of $100	78	130− 78= 52
33d through 36th month, $\frac{32}{36}$ (or $\frac{8}{9}$) of $100	89	130− 89= 41
Total amount paid to veteran		3,064
FORMULA UNDER S. 2081 (84TH CONG.)		
1st through 12th month, no reduction		130
13th through 16th month, $\frac{4}{28}$ (or $\frac{1}{7}$) of $100	14	130− 14= 115
17th through 20th month, $\frac{8}{28}$ (or $\frac{2}{7}$) of $100	29	130− 29= 101
21st through 24th month, $\frac{12}{28}$ (or $\frac{3}{7}$) of $100	43	130− 43= 87
25th through 28th month, $\frac{16}{28}$ (or $\frac{4}{7}$) of $100	58	130− 58= 72
29th through 32d month, $\frac{20}{28}$ (or $\frac{5}{7}$) of $100	72	130− 72= 58
33d through 36th month, $\frac{24}{28}$ (or $\frac{6}{7}$) of $100	86	130− 86= 44
Total amount paid to veteran		3,368

The committee was informed that during the first year of training the reductions in allowances at the end of each 4 months are unrealistic from the standpoint of crop cycles or animal production, since such reductions come before the first crop can be sold. Therefore the committee has recommended that the reduction formula not be repealed entirely but that its operation simply be postponed for the duration of the first 12 months of training. This will give the veteran an opportunity to complete one full cycle of crop or animal production before his allowances begin to be reduced.

According to testimony given the committee in public hearing by the Veterans' Administration, there were, as of May 1954, 34,198 veterans taking training under this program.

COSTS

The Veterans' Administration estimates that the cost of the bill during the first year will be approximately $3,500,000. Thereafter the costs are estimated as follow: In fiscal year 1957, $4 million; in fiscal year 1958, $4 million; in fiscal year 1959, $3,500,000; and in fiscal year 1960, $3 million. The cost in ensuing fiscal years would become progressively lower until the program terminates.

The following table was submitted by the Veterans' Administration showing the total cost of the institutional on-farm training program under existing law as compared with the probable total cost if S. 2081 is enacted into law:

Fiscal year	Existing law	Table II proposed bill	Difference
1956	$30,500,000	$34,000,000	$3,500,000
1957	35,000,000	39,000,000	4,000,000
1958	34,000,000	38,000,000	4,000,000
1959	30,500,000	34,000,000	3,500,000
1960	24,000,000	27,000,000	3,000,000

EFFECTIVE DATE

This bill would take effect on the first day of the second calendar month which begins after the date of its enactment. However, for the purposes of computing education and training allowances to be paid after the effective date, the bill shall be deemed to have been in effect since July 16, 1952. Thus, for example, a man now in his 14th month of training and receiving $96 would have such rate increased to $115 and thereafter paid in accordance with the new formula. Likewise, a veteran who had interrupted his training would, upon reentering the program, receive the new rates provided in this proposal. In neither case would retroactive adjustments be made for the time spent in training prior to the effective date of the bill.

The report of the Veterans' Administration favoring the enactment of this bill follows:

Hon. LISTER HILL,
Chairman, Committee on Labor and Public Welfare,
United States Senate, Washington 25, D. C.

DEAR SENATOR HILL: This will refer to your request for a report by the Veterans' Administration with respect to S. 2081, 84th Congress, a bill to amend the Veterans' Readjustment Assistance Act of 1952 to provide that education and training allowances paid to veterans pursuing institutional on-farm training shall not be reduced for 12 months after they have begun their training.

The purpose of S. 2081, as stated by its title, is to provide that the education and training allowance payable to on-farm trainees under title II of the Veterans' Readjustment Assistance Act of 1952, as amended, shall not be reduced until after the completion of the first 12 months of training. If enacted, the bill would amend section 232 (d) of the Veterans' Readjustment Assistance Act to read as follows:

"(d). The education and training allowance of an eligible veteran pursuing institutional on-farm training shall be computed at the rate of (1) $95 per month, if he has no dependent, or (2) $110 per month, if he has one dependent, or (3) $130 per month, if he has more than one dependent; except that his education and training allowance shall be reduced at the end of *the third, and* each *subsequent*, four-month period as his program progresses by an amount which bears the same ratio to $65 per month, if the veteran has no dependent, or $80 per month, if he has one dependent, or $100 per month, if he has more than one dependent, as four months bears to the total duration of such veteran's institutional on-farm

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training *reduced by eight* months. For the purpose of computing allowances under this subsection, the duration of the training of an eligible veteran shall be the period specified in the approved application as the period during which he may receive an education and training allowance for such training, plus such additional period, if any, as is necessary to make the number of such months of such training a multiple of four."

The italic has been supplied and indicates language that would be added to existing law by the enactment of S. 2081.

Section 232 (d) of the Veterans' Readjustment Assistance Act of 1952 establishes the rates of education and training allowances payable to veterans pursuing institutional on-farm training under that act, in accordance with their dependency status. It then provides that such allowances shall be reduced at the end of each 4-month period as the veterans' training progresses by an amount which bears the same ratio to the subsistence factor ($65, $80, or $100 per month) of the basic education and training allowance as 4 months bears to the total duration (as therein defined) of the veterans' institutional on-farm training program. It is this last provision, the so-called reduction formula, which S. 2081 proposes to modify.

The effect of the enactment of this bill would be to permit payment of the education and training allowance at the maximum applicable rate during the first 12 months of training, with subsequent payments reduced, but always somewhat higher in amount than would be payable under existing law during the same stage of training. The following tabular comparison, using as an example, the case of a veteran with 2 dependents pursuing a 36 months' program, will serve to illustrate the differences between the present and proposed reduction formulas:

[Per month]

Months in training	Public Law 550, 82d Cong.	S. 2081, 84th Cong.	Months in training	Public Law 550, 82d Cong.	S. 2081, 84th Cong.
1 to 4	$130	$130	21 to 24	$74	$87
5 to 8	118	130	25 to 28	63	72
9 to 12	107	130	29 to 32	52	58
13 to 16	96	115	33 to 36	41	44
17 to 20	85	101			

NOTE.—For simplicity in presentation, only the dollar amounts are shown.

The legislative history of the Veterans' Readjustment Assistance Act discloses that the reduction formula of section 232 (d), as well as the comparable provision applicable to apprentice or other training on the job contained in section 232 (c), was incorporated in the act "to implement the concept that the allowance is for supplementary support only and hence as his earning capacity increases during training the veterans' allowances should be less" (p. 32, H. Rept. No. 1943, 82d Cong.). Further, it is indicated that the reduction formula was intended to provide an economic incentive factor for the veteran to increase his earnings during his period of training. It will be recalled that the need for a built-in incentive factor was a matter of special concern to the House Select Committee To Investigate Educational, Training, and Loan Guaranty Programs Under GI Bill, and the reduction formula applicable to on-farm training is consistent with recommendation No. 6 of that committee (p. 2, H. Rept. No. 1375, 82d Cong.).

The basic objective of an incentive factor (as applied to both on-job and on-farm trainees) is that the veteran be in position to continue with his employment, or with his farming, on a self-sustaining basis after the governmental assistance is terminated. If this is not accomplished, the veteran may be faced with the necessity for abandoning the occupation for which he is trained, with the consequent loss of the time and effort he has invested in such training and the waste of the Government funds expended to aid his financial and occupational readjustment.

The bill would leave the automatic reduction principle intact but, as noted, would modify the formula so as to suspend all reductions during the initial 12 months of training. It would appear that the proposed change is based upon an underlying assumption that a farm trainee would generally be unable to realize income from the operation of a farm during the first 12 months, and hence no reduction in the education and training allowance paid to him by the Government should be made during this period. Your committee will, therefore, undoubtedly wish to consider the validity of such assumption.

The Veterans' Administration during the last 2 years has reviewed the general question of the income which might be anticipated by institutional on-farm trainees during their first year of farming operation. This matter has also been a matter of special interest to the Administrator's Advisory Committee established under section 262 of the Veterans' Readjustment Assistance Act.

Farming operations do not present a uniform pattern with respect to the timing of "money crops." At one extreme there is a situation represented by certain types of farming (such as cotton) where the realization of all farm income is anticipated at the end of an annual cycle, while at the other extreme certain types of farming (such as dairying and poultry raising) may be expected to afford a more or less constant income throughout the year. Between these extremes there is the diversified type of farming in which income is obtained at different times (usually in 3 or 4 different months) throughout the year. The program which is developed individually for each trainee encourages diversification and, whenever feasible for the particular farm (as indicated by the farm management principles involving the most advantageous use of the existing land, labor and capital), endeavors to include different crop and livestock enterprises which provide an income at different times of the year. Overall, however, it appears that, absent substantial income from enterprises such as dairying or poultry raising, the institutional on-farm trainees cannot anticipate cash income from their farms until the end of a crop or marketing cycle, which in many instances is near the end of their first year of training. Moreover, even where such enterprises as dairying and poultry raising constitute a major source of income, the veteran-trainee, in most instances, realizes very little increase in income as the result of training until the end of the first year.

From the foregoing, it would appear that the institutional on-farm trainee is situated unfavorably in comparison with the apprentice or other classes of on-job trainee who receive their income regularly in the form of wages and normally can look forward to increases during the initial year of training. Therefore, some adjustment of the reduction formula for institutional on-farm trainees may be warranted.

The specific amendments proposed by S. 2081 seem reasonable and to be designed to retain the desirable features of the original formula (i. e., of stimulating the incentive of the trainee for progressive self-improvement during the period of training, to the end that he will have become sufficiently self-sustaining by the completion of his training program so as to continue with his farming operations.) By suspending reductions during the first year of training the proposed formula would still preserve the basic objective of the present system and would provide full assistance during the period when the potentialities of the farm are being developed. Thereafter, the governmental assistance would be progressively reduced since it can be anticipated that increased income from the farming enterprises during the subsequent years of training will more nearly offset the periodic reductions in the education and training allowance than is the case initially. No retroactive payments would be authorized but the education and training allowances of persons in training would be adjusted from the first day of the second calendar month following enactment to conform to the liberalized formula.

Considering all the factors I recommend favorable consideration by your committee of the principle of a temporary suspension of the reductions in the case of on-farm trainees as proposed by S. 2081, 84th Congress.

The increase in direct benefit costs which would be attributable to the enactment of the bill based upon the continuation of current trends is estimated to be in fiscal year 1956, $3,500,000; fiscal year 1957, $4 million; fiscal year 1958, $4 million; fiscal year 1959, $3,500,000; and fiscal year 1960, $3 million. Progressively lesser increases in the direct benefit cost are to be anticipated for each successive fiscal year to the end of the program (January 31, 1965). The foregoing estimates are based upon the assumption that the increased cost to the Government for an individual institutional on-farm training program of 36 months' duration would be $324.

The Bureau of the Budget advised in connection with a similar report by the Veterans' Administration to the House Committee on Veterans' Affairs that there would be no objection to the submission of such report to that committee. The Bureau's advice with respect to the bills included in that report which are identical to S. 2081 (H. R. 589, H. R. 3138, and H. R. 4006, all 84th Cong.) follows:

"With respect to H. R. 589, H. R. 3138, and H. R. 4006, although the Bureau realizes that the reduction formula of Public Law 550 meets the financial aid requirements of some farm trainees better than others, it is our judgment that the

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law contemplated relative equalization of allowances rather than absolute or guaranteed returns. Increasing allowances as proposed would merely create other inequities among farm trainees on various types of farms. There appears to be no doubt that the Congress was aware of the various considerations affecting a decision on this point when Public Law 550 was originally enacted in 1952. Similar bills to those presently proposed were considered by committees in both Houses during the 83d Congress. The Veterans' Administration submitted reports to these committees in which these same problems were reviewed.

"The existing reduction formula has been in existence without change for 2½ years. Modification at the present time might create at least as many inequities as it would correct. Furthermore, an increase in subsistence rates to institutional on-farm trainees would undoubtedly generate pressure for increases in on-job rates and perhaps institutional rates as well.

"In view of these considerations, the Bureau of the Budget believes that the enactment of H. R. 589, H. R. 3138, and H. R. 4006 would represent an undesirable departure from established policy."

Sincerely yours,

H. V. HIGLEY,
Administrator.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

* * * * * * *

SECTION 232 (D) PUBLIC LAW 550, 82D CONGRESS

(d) The education and training allowance of an eligible veteran pursuing institutional on-farm training shall be computed at the rate of (1) $95 per month, if he has no dependent, or (2) $110 per month, if he has one dependent, or (3) $130 per month, if he has more than one dependent; except that his education and training allowance shall be reduced at the end of *the third, and* each *subsequent,* four-month period as his program progresses by an amount which bears the same ratio to $65 per month, if the veteran has no dependent, or $80 per month, if he has one dependent, or $100 per month, if he has more than one dependent, as four months bears to the total duration of such veteran's institutional on-farm training *reduced by eight* months. For the purpose of computing allowances under this subsection, the duration of the training of an eligible veteran shall be the period specified in the approved application as the period during which he may receive an education and training allowance for such training, plus such additional period, if any, as is necessary to make the number of such months of such training a multiple of four.

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Calendar No. 1043

84TH CONGRESS, 1st Session } SENATE { REPORT No. 1037

FACILITATING THE CONSTRUCTION OF DRAINAGE WORKS AND OTHER MINOR ITEMS ON FEDERAL RECLAMATION AND LIKE PROJECTS

JULY 20, 1955.—Ordered to be printed

Mr. MURRAY, from the Committee on Interior and Insular Affairs, submitted the following

REPORT

[To accompany S. 1534]

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 1534) to facilitate the construction of drainage works and other minor items on Federal reclamation and like projects, having considered the same, report favorably thereon, with the following amendment, and recommend that the bill do pass.

Page 2, line 5—After word "work", strike period; insert colon and the following:

Provided, That the amount of contracts or force account work herein authorized shall not exceed $200,000 on any one project, division or a unit of a project, and then only after funds have been appropriated by the Congress for that purpose.

PURPOSE OF THE BILL

The bill is designed to facilitate the completion of drainage systems and other minor work on authorized reclamation projects. It recognizes the provisions of the reclamation law of 1902 and the Reclamation Project Act of 1939, but specifically provides that when funds are appropriated for "drainage and other minor items" of construction, the Secretary of the Interior may accomplish the work (1) by contract under the authorized procedure by advertising for bids; (2) by force account with Government employees; or (3) by contract with the repayment organization on the particular project.

The favorable representations made to the committee by the sponsors of the bill, together with the report of the Department of the Interior, and advice that the Bureau of the Budget had no objection to the measure, led the committee to its action in favorably reporting S. 1534 in the belief that practical application of the authorization will

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lead to speedier and more economical completion of the minor work described. The committee reaffirms the responsibility of the Secretary of the Interior to see that usable, workable irrigation and drainage systems are provided with appropriated funds in accordance with approved plans, specifications, and contracts.

REPORTS OF EXECUTIVE DEPARTMENTS

The reports of the Department of the Interior and the Bureau of the Budget on S. 1534 are as follows:

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington 25, D. C., June 30, 1955.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
United States Senate, Washington 25, D. C.

MY DEAR SENATOR MURRAY: A report has been requested from this Department on S. 1534, a bill to facilitate the construction of drainage works and other minor items on Federal reclamation and like projects.

Under present authority the Secretary of the Interior may construct projects authorized under the Federal reclamation and similar laws by contracts let after competitive bidding or by Government forces. Enactment of S. 1534 would add authority to accomplish the same end, in the case of drainage works and minor completion items, by contracts with water users' repayment organizations.

As the conclusion of the construction period of a reclamation project approaches, there is usually pressure to get the project into operation and to initiate farm development. The initial testing period, however, often shows that certain facilities need additions, improvements, or modifications to achieve maximum efficiency for operation-and-maintenance purposes. Similarly, the exact needs for project drainage can often not be determined in final detail until the lands involved have been subjected to the actual application of irrigation water for several years. In both cases, work on these relatively minor items cannot be initiated until a time when the major construction program has been completed and the forces and equipment employed thereon are no longer readily available.

Work of the foregoing nature could in some instances be accomplished more economically and efficiently than would otherwise be the case if it were integrated with the normal activities of the organizations which have taken over the responsibility for operation and maintenance. This would permit the maximum use of manpower and equipment of the organization which might otherwise be faced with varying periods and degrees of off-season idleness. The adequacy of the work would be checked through the same sort of advance procedural approval and field inspection that is now practiced in conjunction with rehabilitation and betterment work carried on under the provisions of the act of October 7, 1949 (63 Stat. 724).

Construction activities of the kinds covered by S. 1534 are, for budgetary purposes, carried in the category of "Drainage and minor construction" as a portion of the total construction and rehabilitation budget. During fiscal year 1954 the total program in this category amounted to slightly more than $2 million. Individual program items thereunder ranged from less than $1,000 to approximately $500,000. Of the 25 projects, divisions, or units upon which work was scheduled, 15 were water user-operated. The 1955 program covers $2,835,000 and 28 projects, divisions or units, 11 of which are water user-operated. In fiscal year 1956 drainage and minor construction work is proposed on 15 projects or divisions and units thereof, 7 of which are operated by water users' organizations. The total proposed program of $1,210,349 for 1956 is composed of individual project programs ranging in estimated cost from $3,000 to $230,000. It is clear, therefore, that S. 1534, if enacted, could have a wide and diversified range of usefulness.

Enactment of S. 1534, we note in closing, would not in any way affect existing law and procedure governing the authorization of reclamation and similar projects, the appropriation of funds for their construction, or the obligations to be undertaken by water users' organizations with respect to repayment and like matters. The bill goes only to authority to enter into contractual arrangements with such organizations for drainage and other minor construction items.

In view of the apparent usefulness which this bill would have in facilitating the construction of reclamation and similar projects, we recommend that it be enacted.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee.

Sincerely yours,

FRED G. AANDAHL,
Assistant Secretary of the Interior.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., April 18, 1955.

Hon. JAMES E. MURRAY,
Chairman, Committee on Interior and Insular Affairs,
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: This will acknowledge your letter of April 5, 1955, requesting the views of the Bureau of the Budget on S. 1534, a bill to facilitate the construction of drainage works and other minor items on Federal reclamation and like projects.

If enacted, S. 1534 would permit the Secretary of the Interior to utilize funds appropriated for constructing irrigation works authorized under Federal reclamation laws, insofar as such funds are available for the construction of drainage facilities and other minor items, by accomplishing such work by contract, by force account, or by contract entered into with the repayment organization concerned whereby such organization shall perform the work. Construction by the repayment organization would be subject to such reasonable terms as the Secretary deems appropriate for the protection of the United States.

The Bureau of the Budget would have no objection to enactment of S. 1534.

Sincerely yours,

(Signed) DONALD R. BELCHER,
Assistant Director.

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Calendar No. 1048

84TH CONGRESS, 1st Session | SENATE | REPORT No. 1038

INVESTIGATION OF JUVENILE DELINQUENCY

JULY 20, 1955.—Ordered to be printed

Mr. GREEN, from the Committee on Rules and Administration, submitted the following

REPORT

[To accompany S. Res. 125]

The Committee on Rules and Administration, to whom was referred the resolution (S. Res. 125) amending Senate Resolution 62, 84th Congress, authorizing a study of juvenile delinquency in the United States, having considered same, report favorably thereon without amendment and recommend that the resolution be agreed to.

This resolution would continue until January 31, 1956, the current subcommittee study of juvenile delinquency by the Committee on the Judiciary and give such investigation $29,000 in new funds.

A letter explaining the purposes behind this resolution from the chairman of the Committee on the Judiciary, Senator Harley M. Kilgore, to the chairman of the Committee on Rules and Administration, Senator Theodore Francis Green, and submitting a budget, is as follows:

UNITED STATES SENATE,
COMMITTEE ON THE JUDICIARY,
July 8, 1955.

HON. THEODORE FRANCIS GREEN,
Chairman, Committee on Rules and Administration,
United States Senate, Washington, D. C.

DEAR SENATOR GREEN: During the 83d Congress, the Senate approved resolutions directing that a study and investigation be made of juvenile delinquency in the United States. Former Senator Hendrickson of New Jersey served as first chairman of the Subcommittee To Investigate Juvenile Delinquency. Senator Langer of North Dakota, Senator Kefauver of Tennessee, and Senator Hennings of Missouri, were also members of the subcommittee. During the present session of Congress, Senator Kefauver was named chairman of this subcommittee. Senator Hennings and Senator Langer continued as members. I also named Senator Daniel of Texas and Senator Wiley of Wisconsin to serve on this subcommittee.

On March 18 of this year, the subcommittee was extended until July 31. At that time, Senator Kefauver informed me that he did not believe the subcommittee could achieve its goals in the short time allotted to it.

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Since March the subcommittee has pursued its task vigorously and effectively. Hearings have been held in Washington, New York City, Los Angeles and Palm Springs, Calif., in Phoenix and Short Creek, Ariz. A major hearing is scheduled for Chicago beginning July 14.

During this time, the subcommittee has received testimony on youth employment, Indian delinquency, the border problem, pornography and mass media (television and movies). In Chicago it will hear testimony on infant adoption practices.

Now awaiting final approval are reports on:

1. Youth Employment and Juvenile Delinquency.
2. Indian Delinquency in the Southwest.
3. The Impact of Crime and Horror Television Programs on Juvenile Delinquency.
4. The Border Problem.

Nearing completion are reports on pornography and the impact of crime and violence in the movies on juvenile delinquency.

The subcommittee uncovered a traffic in pornography estimated at half a billion dollars a year, and demonstrated that too much of this material was getting into the hands of children and influencing their behavior. Because of the subcommittee's disclosures, local communities have taken another look at their pornography laws and a general awareness of the big business in filth has served to curb a good part of this illicit traffic.

Earlier this year, the subcommittee reported favorably on S. 599 and S. 600, which are designed to curtail the flow of pornographic materials across State lines. The House combined these two measures into S. 600, which was signed into law by the President. The subcommittee's searching investigation of pornography is responsible for the quick action on this measure.

In all, the subcommittee has drafted 25 legislative proposals to curb delinquency, 19 of which have been introduced to the Senate.

The District of Columbia came in for special attention by the subcommittee, and six bills were introduced that will help solve the juvenile delinquency problem in the Nation's capital.

Public demand for the subcommittee's reports necessitated a special appropriation to cover the cost of reprinting these documents. Even with this additional supply, it was not possible for the subcommittee to meet the demand. Almost every Member of the Senate and the House has requested material from the subcommittee with which to reply to the many questions from their constituents.

The outlook for the future is not bright. Juvenile delinquency is a serious and expanding problem. The circumstances which necessitated the formation of this subcommittee originally are more acute today, for young people are becoming involved in crimes of a more serious nature. Out of our growing juvenile population, a larger proportion of our children are getting into trouble with the law each year. More children are being brought into court than ever before. Two years ago, 435,000 youngsters came before the judges. This was a shocking total. But last year the number increased to nearly half a million.

The FBI pointed up the seriousness of this situation when it reported recently that young people under the age of 21 accounted for 72.6 percent of all auto thefts; 62.9 percent of all burglaries; 36.1 percent of all robberies and 36.3 percent of all rapes. These are serious crimes, not the pranks of exuberant youth.

There is a definite need for a continuation of the study which the subcommittee is conducting on a pressing problem which reaches into even the smallest American community. The Judiciary Committee has recognized this by unanimously approving the amendment to Senate Resolution No. 62, extending the subcommittee until January 31, 1956, and increasing the appropriation by $29,000, from $125,000 to $154,000, as originally requested.

I personally feel that the growing seriousness of juvenile crime in our country, underscores the national importance of the searching examination of this problem being conducted by the subcommittee. I therefore strongly urge approval of the recommended budget and extension.

With kindest regards, I am,

Sincerley yours,

HARLEY M. KILGORE, *Chairman.*

Proposed budget of the subcommittee of the Committee on the Judiciary To Investigate Juvenile Delinquency in the United States for the period Aug. 1, 1955, to Jan. 31, 1956, inclusive

Position	Number	Base salary	Gross salary	Monthly salary	Total for budget period
STAFF					
Legal and investigative:					
General counsel	1	$7,800	$13,320.44	$1,110.03	$6,660.18
Associate counsel	1	6,480	11,358.62	946.55	5,679.30
Assistant counsel	1	4,680	8,605.76	717.14	4,302.84
Investigators	2	4,080	7,584.37	632.03	7,584.37
Editorial and research:					
Editorial director	1	5,580	10,021.02	835.08	5,010.48
Research assistants	2	3,420	6,453.98	537.83	6,453.98
Administrative and clerical:					
Chief clerk	1	3,960	7,378.84	614.90	3,689.40
Clerical assistants	2	2,580	5,015.31	417.94	5,015.28
Do	2	2,460	4,809.79	400.81	4,809.79
Total	13				49,205.62

ADMINISTRATIVE

Travel (inclusive of field investigations and hearings)	$13,500.00
Hearings (inclusive of reporters' fees)	3,250.00
Witnesses' fees, expenses	1,500.00
Stationery, office supplies	600.00
Communications (telephone, telegraph, postage)	3,000.00
Newspapers, magazines, documents, and contingency	116.25
Total	21,966.25
Balance Senate Resolution 62 and fund requested	71,171.87

Subcommittee of the Judiciary To Investigate Juvenile Delinquency in the United States

Appropriation S. Res. 62, 84th Cong		$125,000.00
Mar. 1 to July 1, 1955 expenses:		
Payrolls	$41,731.85	
Travel (inclusive of field investigations and hearings)	11,015.35	
Witnesses' fees, expenses	1,253.58	
Communications, stationery, and office expense	3,430.25	
Outstanding accounts prior Mar. 1, 1955	2,000.00	
		59,431.03
Unexpended balance July 1, 1955		65,568.97
Anticipated July 1955 expenses:		
Payroll	$15,423.16	
Payroll for 7.5 percent increase in salary March to June 1955, inclusive	3,000.00	
Travel (inclusive of field investigations and hearings)	4,327.24	
Communications, stationery and office expense	646.70	
		23,397.10
Unexpended balance Aug. 1, 1955		42,171.87
Requested increase under amendment S. Res. 125		29,000.00
Total		71,171.87

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Calendar No. 1050

84TH CONGRESS, 1st Session | SENATE | REPORT No. 1039

MEMORIAL TO FRANKLIN DELANO ROOSEVELT

JULY 20, 1955.—Ordered to be printed

Mr. GREEN, from the Committee on Rules and Administration, submitted the following

REPORT

[To accompany S. J. Res. 73]

The Committee on Rules and Administration, to whom was referred the joint resolution (S. J. Res. 73) to establish a commission to formulate plans for a memorial to Franklin Delano Roosevelt, having considered same, report favorably thereon without amendment and recommend that it be passed.

This measure would authorize the appropriation of $10,000 to initiate the work of a commission which would prepare plans, and recommendations, for the erection of a memorial to President Franklin D. Roosevelt in the District of Columbia. Such commission would be composed of 4 Senators, 4 Representatives, and 4 persons to be appointed at large by the President of the United States.

The commission would make such annual reports to the Congress as were necessary, and submit its final report at the earliest practicable date.

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Calendar No. 1053

84TH CONGRESS, 1st Session } SENATE { REPORT No. 1040

AMENDING THE RAILROAD RETIREMENT ACT OF 1937, AS AMENDED, AND THE RAILROAD UNEMPLOYMENT INSURANCE ACT

JULY 20, 1955.—Ordered to be printed

Mr. KENNEDY, from the Committee on Labor and Public Welfare, submitted the following

REPORT

with

SUPPLEMENTAL VIEWS

[To accompany H. R. 4744]

The Committee on Labor and Public Welfare, to whom was referred the bill (H. R. 4744) to amend the Railroad Retirement Act of 1937, as amended, and the Railroad Unemployment Insurance Act, having considered the same, report favorably with the recommendation that it do pass without amendment.

H. R. 4744 as passed by the House of Representatives is a companion bill to S. 1589, introduced by Senator Hill for himself and 28 other Senators and referred to this committee. The House bill was passed on July 5, 1955. The House having acted first, the committee proceeded to consider the House bill and reported it out without amendment.

PURPOSE OF THE BILL

The bill proposes to increase the maximum benefit payable to the wife (or dependent husband) of a railroad retirement annuitant or pensioner to the maximum that would be payable as a wife's benefit under the Social Security Act. It proposes also to strike the restriction on a survivor's annuity against the survivor's receiving the full benefit otherwise payable under both the Railroad Retirement and the Social Security Acts. The bill would reinstate the congressional policy that benefits payable under the Railroad Retirement and Railroad Unemployment Insurance Acts shall not be subject to any

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Federal or State tax or to granishment, attachment, or other legal process. In addition, the bill would assure that the personnel of the Railroad Retirement Board appointed under the sections of the acts amended by sections 5 and 6 of the bill would be altogether in and under the competitive civil service and would continue to be. Finally, the bill would provide a technical amendment in connection with the computation of a survivor's benefit.

SPONSORS OF LEGISLATION

The bill has the support of all the standard railway labor organizations, including the 19 organizations affiliated with the Railway Labor Executives' Association, and the Brotherhood of Locomotive Engineers, the Order of Railway Conductors and Brakemen, and the Brotherhood of Railroad Trainmen. These organizations represent a total of some 1,250,000 railroad employees. The organizations affiliated with the Railway Labor Executives' Association are as follows:

Switchmen's Union of North America
The Order of Railroad Telegraphers
American Train Dispatchers Association
Railway Employees' Department, American Federation of Labor
International Association of Machinists
International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers, and Helpers
Sheet Metal Workers' International Association
International Brotherhood of Electrical Workers
Brotherhood Railway Carmen of America
International Brotherhood of Firemen and Oilers
Brotherhood of Railroad Signalmen of America
Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express, and Station Employees
Brotherhood of Maintenance of Way Employees
International Organization, Masters, Mates, and Pilots of America
National Marine Engineer's Beneficial Association
Hotel and Restaurant Employees and Bartenders International Union
Railroad Yardmasters of America
Brotherhood of Sleeping Car Porters
Brotherhood of Locomotive Firemen and Enginemen

The railroad companies who, of course, are interested in railroad retirement and railroad retirement legislation have not appeared before the committee and have made no statements either way concerning the bill.

NECESSITY FOR THE BILL

Many complaints have been received by the committee and other Members of the Congress that the benefits payable to wives under the Railroad Retirement Act are less than those payable under the Social Security Act. Also, during the last session of Congress, an amendment to the railroad retirement legislation was enacted which repealed a restriction on railroad survivor annuities requiring that these benefits be reduced by the amount of any railroad retirement benefit derived from the survivor's own employment. Our committee has received since then many requests for the removal of similar restrictions on the right of survivors to obtain full benefits deriving from their own employment covered by the Social Security Act. These inequities should be removed, particularly in the light of the previous actions of the Congress in removing the restriction on

dual benefits in the case of other survivors and in the case of railroad retirement annuitants themselves.

The necessity for the various provisions of the bill are discussed in some detail below:

Section 1. Raising the maximum amount payable as a wife's or husband's benefit

The Social Security Act (from which the railroad retirement spouse's annuity provision derived) has always, since 1940, provided for the benefit of the employee's wife or husband to equal one-half of the old-age insurance benefit payable to the employee himself. At the time of the enactment, in 1951, of the railroad-retirement provision in this respect, which was occasioned by the rapid increase in the cost of living, particularly since 1948, as of when the last previous increase in railroad-retirement benefits occurred, the maximum benefit for a wife under the Social Security Act was $40, and, on that basis, the maximum spouse's benefit under the Railroad Retirement Act was fixed at the same amount of $40. Since then, however, there have been several amendments to the Social Security Act which have resulted in large increases in benefits payable under that act, with the consequence that, recently the maximum wife's benefit has been $51.80 a month under the Social Security Act, which amount, the committee understands, may be as high as $54.30 a month, beginning with the month of July.

The present proposal to amend the Railroad Retirement Act to raise the maximum payable as a spouse's annuity to the maximum amount that would be payable to anyone under the Social Security Act, as would be provided by section 1 of the bill, is, of course, in accord with the original purpose of the spouse's annuity provision and wholly consistent with the congressional intent in that respect.

The average increase in a spouse's annuity which would result from the enactment of section 1 would be some $12.50 a month.

Section 2. Elimination of the dual benefit restriction for survivor benefits

Section 2 of the bill would eliminate the reduction now required in the annuity of an employee's survivor under the Railroad Retirement Act by reason of the survivor's eligibility for an insurance benefit under the Social Security Act on the basis of the employment of someone other than the employee. Enactment of the bill would result in the survivor's receiving the full amount of the survivor's annuity under the Railroad Retirement Act without any reduction by reason of the survivor's eligibility for such a social-security benefit.

The previous restriction on the payment in full of a retirement annuity to a railroad employee, when he was eligible also for an old-age insurance benefit under the Social Security Act, was repealed by the Congress when it enacted Public Law 398, 83d Congress. Similarly, in enacting section 10 of Public Law 746, 83d Congress, the restriction against a widow's (of a railroad employee) receiving in full both a widow's benefit and a railroad-retirement annuity based on her own employment was eliminated. It would seem to follow logically that the policy pursuant to which these restrictions were removed should operate also to eliminate the requirement that a survivor's annuity be reduced with respect to benefits payable under the Social Security Act on the basis of employment other than that from which the survivor's annuity derived.

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Section 3. Technical amendment to method of calculating the "average monthly remuneration" on which survivor benefits are based

Section 3 of the bill would provide a technical amendment to the method provided for calculating the "average monthly remuneration" in survivor benefit cases, made necessary by changes accomplished by the 1954 amendments to the Railroad Retirement Act and the Social Security Act increasing the maximum amounts of creditable earnings from $300 to $350 a month and from $3,600 to $4,200 a year, respectively.

Section 4. Restoring the exemption from taxation, attachment, and garnishment of railroad retirement and unemployment insurance benefits

Section 4 of the bill would restore the exemption (eliminated possibly through inadvertence in recent amendments to the Internal Revenue Code) of railroad-retirement and unemployment-insurance benefits against attachment or other process in connection with the collection of Federal taxes. It would also clarify the exemption against taxation by any State, which certain State authorities have recently questioned.

Section 5. Assuring that the employees of the Railroad Retirement Board would be covered by the competitive civil-service system and not be removed therefrom

Sections 5 and 6 of the bill would cure the difficulty caused by recent proposals to take out certain positions within the Railroad Retirement Board from the coverage of the civil-service system and to place them under so-called schedule C. This result would be accomplished by amending section 10 (b) 4 of the Railroad Retirement Act of 1937, and section 12 (1) of the Railroad Unemployment Insurance Act, respectively, to provide expressly that all positions to which persons are appointed by the Railroad Retirement Board shall be in and under the classified civil service and shall not be removed or excepted therefrom. The effect would be that no person could be appointed, transferred or assigned to a position within the Railroad Retirement Board except under the competitive civil service, and no position could be removed from the competitive civil service by transfer to such categories of employment as schedules A, B, or C. The bill, of course, would not separate from the Board's employ anyone now employed by the Railroad Retirement Board who is now holding a schedule A, B, or C position under current rules of the Civil Service Commission, but the bill does contemplate that all such persons who are now without competitive status shall have a reasonable opportunity to acquire such a status through a suitable noncompetitive examination. The committee is advised that there are only five such employees, in grades GS–12 and above, as shown on the list submitted by the Chairman of the Railroad Retirement Board with his letter of June 24, 1955, to the subcommittee, of this committee, that held the hearings on this bill. Of these 5, 1 is in schedule C and 4 are lawyers in schedule A. There are also two medical doctors who have been given temporary appointments pending the establishment of registers.

The enactment of sections 5 and 6 of the bill would not in any way restrict the authority of the Board to make temporary appointments pending the establishment of civil-service registers. The Civil

Service Commission has authorized the Railroad Retirement Board, with other Federal agencies, to fill "competitive positions" through agency recruitment "when no civil-service registers have been established for individual positions or when civil-service registers are inadequate to fill the jobs." This authority extends even to "a position which will continue for more than one year"(Federal Personnel Manual, p. X–1–3; Civil Service Rule, sec. 2.302).

The committee notes that the decision in *Roth* v. *Brownell* (215 F. 2d 500 (C. A. D. C., 1954, cert. den., 348 U. S. 863, 1954)) does not provide the protection to the employees of the Board that sections 5 and 6 of the bill contemplate. The Court of Appeals for the District of Columbia held in the Roth case that Roth, an attorney in the Department of Justice who had acquired competitive civil-service status in 1943 under the Ramspeck Act (5 U. S. C. secs. 631a and 631b) and Executive Order No. 8443 of April 23, 1941 (6 F. R. 2117), could not lawfully be removed from his position, as was attempted in 1953, without compliance with the Lloyd-LaFollette Act (5 U. S. C. sec. 652 (a)), though attorney positions had been placed in schedule A by the President's Executive Order No. 9830, May 1, 1947 (12 F. R. 2839). The Lloyd-LaFollette Act provides that no person in the classified service of the United States "shall be removed or suspended without pay therefrom except for such cause as will promote the efficiency of such service and for reasons given in writing." Under the interpretation of the Civil Service Commission, however, the decision would not protect employees of the Board, even though possessing personal civil-service status, who after January 23, 1955, should be transferred from their positions to positions in the "excepted" categories such as schedule A, B, or C. For under Departmental Circular No. 789 of January 24, 1955 (par. 16), "no vacancy in any position (including an attorney position) which is clearly identified as listed in schedules A, B, or C, shall be filled by a means other than 'excepted appointment' or position change of a person already serving under an accepted appointment".

Paragraph 18 of the same circular provides expressly that "where a proposed appointee for one of these positions is serving in the competitive service, he shall not be appointed and the personnel action shall not be effected until he is advised in writing: (*a*) that the position is excepted, (*b*) that it cannot be filled by competitive appointment, and (*c*) that acceptance of excepted appointment will result in his leaving the competitive service" and the paragraph specifies that the appointment may be made for such an employee to such a position "only after such advice and submission of a written resignation or other written evidence clearly indicating that he voluntarily relinquishes his competitive position". (See Congressional Record of July 7, 1955, p. 8639.)

An amendment to the circular, dated July 11, 1955, makes clear that an employee with civil-service status who is filling an otherwise "excepted position" treated as in the "competitive service" by civil-service rule, would not be forced to give up his "competitive position" and to leave the classified civil-service status by continuing in his position after its change in grade or series by reclassification or reorganization. The amendment does not otherwise, however, affect the Commission's requirement that an employee resign or give up his "competitive position" upon promotion or transfer to a position in the

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"excepted" groups (schedules A, B, and C), and thus to make him vulnerable to arbitrary action. In fact, one attorney in the Board's employ has already lost the protection of the Roth decision by his acceptance of a promotion to a vacancy in another attorney position. Another attorney who had lost his position in the classified service by reclassification of his attorney position to a higher grade will apparently be restored to the classified service under supplement 1 to Departmental Circular No. 789 discussed above. Further, the Roth decision provides no protection whatever to the two employees of the Board in attorney positions, mentioned above, who, although employed by the Board for many years, have not been able to acquire competitive civil-service status.

While the enactment of the bill would require that persons to be appointed to such positions as those of attorneys (for which the Civil Service Commission does not now provide competitive examinations) pass competitive civil-service examinations, such examinations could very well be provided for through suitable arrangements between the Civil Service Commission and the Railroad Retirement Board. The Board could pay the expense of conducting such examinations out of administrative funds, or special appropriations could be provided by the Congress.

The provisions of the bill, which would amend only the general provisions of section 10 (b) (4) and section 12 (l) with regard to employment by the Railroad Retirement Board, would not affect in any way the employment of members of the Actuarial Advisory Committee for whose appointment special provision is made in section 15 (c) of the Railroad Retirement Act; positions of national reporting officers who are selected by the respective national railway labor organizations to serve without pay, and who under sections 12 (h) of the Railroad Unemployment Insurance Act and 10 (b) (4) of the Railroad Retirement Act are paid for expenses only; and the positions of special claims agents who are appointed pursuant to special authority contained in section 12 (l) of the Railroad Unemployment Insurance Act.

For a complete understanding of the question of civil service for employees of the Railroad Retirement Board, it may be well to consider briefly the occurrences and events which resulted in the proposals contained in sections 5 and 6 of the bill.

Following the issuance by the President of Executive Order No. 10440 authorizing various Government agencies and departments to obtain exception from the competitive civil service of positions of a confidential or a policy-determining nature, subject to the approval of the Civil Service Commission, the Railroad Retirement Board acted (Mr. Harper, the labor member, dissenting) to obtain the transfer of 10 important positions in the Railroad Retirement Board to the schedule C classification. This action by the Board raised a loud outcry from the railroad employees covered by the systems administered by the Board and from their representatives. Members of the Senate and the House of Representatives were flooded with protests against the Board's proposed action with opposition being expressed in the strongest terms, and many Members of Congress wrote to the Civil Service Commission protesting against the approval of the Board's request for placement of any position in schedule C.

Following these protests, the Railroad Retirement Board requested

the withdrawal of its proposal for inclusion of positions in schedule C. Unless sections 5 and 6 of the bill are enacted, however, a similar action might be taken by the Board sometime in the future.

In considering this proposal for the employment under the competitive civil service of all Railroad Retirement Board employees, except members of the Actuarial Advisory Committee, national reporting officers, and special claims agents, it must be remembered that the Railroad Retirement Board is unique in the field of Government agencies. For the Board was created for the sole purpose of administering, on a nonpartisan and nonpolitical basis, a retirement system and an unemployment insurance system for railroad employees, financed exclusively by those employees and their employers. The Board's functions relate only to these systems and concern exclusively the policies established by the Congress in its enactment of the provisions of the two acts. From the beginning, the law enacted by the Congress has required that members of the Board be selected from the interests affected, that is, one member to be appointed only in accordance with the recommendations made by the employee organizations, one member to be appointed in accordance with recommendations of railroad representatives, and the third to be appointed without recommendation by either side. The terms of these Board members are, further, to be for 5 years each and on a staggered basis, so that it is most apparent that political considerations which, obviously, form the foundation for the schedule C category, are to play no part in Board administration.

The statement in the June 24 letter of the Chairman of the Railroad Retirement Board that the other 2 members of the Board voted with him to place the position of administrative assistant in his own office in schedule C must be considered in the light of the fact that all 3 Board members have equal authority in the Board. For this reason, if no other, the Board members would, normally, extend to each other the common courtesy of permitting each to run his own office in the way he deems appropriate. Such courtesy on the part of the other members of the Board, therefore, does not, in the opinion of the committee, detract from the fact that the Board was created solely for the purpose of administering, on a nonpartisan and nonpolitical basis, a retirement benefit system and an unemployment insurance benefit system for railroad employees, financed exclusively by such employees and their employers, and for which the policies for the Board's administration of those benefit systems are spelled out by Congress in the provisions of acts establishing such systems. It must be remembered also that from their original enactments both the Railroad Retirement Act and the Railroad Unemployment Insurance Act have specified, and have thus shown the clear congressional intent, that the employees of the Railroad Retirement Board be employed "under the civil-service laws." This requirement, the legislative history shows, was introduced into the railroad retirement legislation at the direct insistence of the Members of Congress, both Senate and House, which considered the proposals for enacting this special and peculiar system. In the opinion of the committee, this congressional intent was not, and could not, be affected by Executive Orders 7342 and 8063, referred to in the Chairman's June 24 letter above mentioned. These Executive orders did not remove positions from the civil-service system, as schedule C would do, but related

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only to initial appointments at a time when expeditious staffing was a necessity and suitable rosters were not available.

The bill would, therefore, by sections 5 and 6, make still plainer that the congressional intent is for all Board employees to be within the competitive civil-service system (except for the special categories noted above), and to prevent the removal or appointment of any person in the Board's employ on the basis of political considerations.

COST OF THE BENEFIT PROVISIONS OF THE BILL

It has been estimated by the Railroad Retirement Board that the provision for increasing the maximum payable as a spouse's annuity, as provided in section 1 of the bill, would cost 0.22 percent of payroll up to $350 a month per employee, or some $12 million a year on a level-cost basis. Section 2 of the bill, which provides for the repeal of the dual-benefit restriction on survivor annuities, would cost 0.25 percent of payroll, or $14 million a year on a level-cost basis. The total cost of these additional benefits would then be about 0.47 percent of payroll, or some $26 million a year. The 2 amendments would increase the present cost of benefits under the Railroad Retirement Act, now 13.43 percent of payroll, on a level-cost basis, to 13.90 percent of payroll. This increase would thus result, since the taxes assessed for the support of the system total only 12.5 percent of payroll, in an indicated deficit of 1.4 percent of payroll on a level-cost basis, or in terms of money the deficit, in the long run, would be increased from about $51 million a year to some $76 million a year.

It is desirable, of course, to protect the financial soundness of the railroad-retirement system, and your committee, despite the indicated deficit, believes that this has been done. Actuarial estimates, as everyone knows, are subject to change. For example, when the Railroad Retirement Act was amended in 1951, the actuarial estimates were that a deficit of 1.93 percent of payroll would be incurred. But the Fifth Actuarial Valuation published in 1954 showed that this estimated deficit had been reduced to 0.91 percent of payroll, a reduction of over 100 percent. It is not at all unlikely that a similar experience may be had with regard to the instant situation. In view of this, and since the bill has the unanimous approval of all the standard railway labor organizations, and there appears to be no opposition on the part of the railroads (the only other persons concerned in the matter of cost), your committee believes that the financial soundness of the railroad-retirement system would not be jeopardized by the enactment of the bill.

REPORTS FROM EXECUTIVE DEPARTMENTS AND AGENCIES

The members of the Railroad Retirement Board were divided in their position concerning this legislation. Chairman Kelly and Board Member Squire (representing management) reported unfavorably. Board Member Harper (representing employees) reported in favor of the bill.

SECTIONAL EXPLANATION OF THE COMMITTEE BILL

Section 1. Raising the maximum amount of the wife's or husband's benefits (a spouse's annuity)

Section 1 of the bill would amend section 2 (e) of the Railroad Retirement Act, which provides an annuity for the wife or dependent husband of a railroad employee who has attained age 65 and has been awarded an annuity or pension under the Railroad Retirement Act, to raise the maximum amount payable as a spouse's annuity from $40 a month to the maximum payable to any person under the Social Security Act as a wife's benefit in the same month. This section would be effective for annuities accruing in months after the enactment of the bill.

Section 2. Removing certain dual benefit restrictions in survivor annuity cases

Section 2 of the bill would amend section 5 (g) (2) of the Railroad Retirement Act by eliminating the present requirement to reduce the annuity of any survivor of a railroad employee for any month by the amount of any benefit to which the survivor is eligible for the month under the Social Security Act and which derives from the employment of some person other than the employee. This amendment would be effective as to annuities accruing in months after the enactment of the bill.

Section 3. Providing a technical change in the method of calculating the "average monthly remuneration" to permit inclusion of "wages" in certain cases

Section 3 of the bill would make a change in the method prescribed by section 5 (1) (9) of the Railroad Retirement Act for computing an employee's "average monthly remuneration" from which the amount of a survivor's benefit, monthly or lump sum, is determined. The amendment would allow, in making the computation, in any case in which this average is less than $350, the inclusion of "wages" and of "self-employment income" derived by the employee from social-security employment, of up to $4,200 for any year after 1954 in which the employee did not have "compensation" for railroad employment of as much as $4,200, and up to $3,600 for any year before 1955 for which the employee did not have "compensation" of this kind of as much as $3,600. The computation of the "average monthly remuneration" would thus be conformed to the amendments made by the 1954 amendments to the Railroad Retirement Act and the Social Security Act which increased, respectively, the maximum amounts of creditable earnings from $300 to $350 a month and from $3,600 to $4,200 a year. The amendment would be effective as of January 1, 1955, when the changes in the maximum creditable earnings became effective.

Section 4. Reinstating fully and clarifying the exemptions from Federal and State taxation, attachment, or other legal process of railroad retirement and railroad unemployment insurance benefits

Section 4 of the bill would amend section 12 of the Railroad Retirement Act and section 2 (e) of the Railroad Unemployment Insurance Act to reinstate completely the exemption, with respect to the Federal laws, from taxation, attachment, or other legal process of the benefits

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payable under the two acts, and to make clear that this exemption applies also, contrary to the views of some State authorities, with respect to the laws of the several States, the District of Columbia, and the Territories. Since, upon enactment, the amendments made by this section will have been enacted after the enactment in 1954 of the general provisions of the Internal Revenue Code (secs. 6321, 6322, 6331-6334), indirectly removing, with respect to these retirement and unemployment insurance benefits, the prior exemption against attachment or other legal process for purposes of tax collection, the amendment will prevent again the attachment of these benefits for purposes of collecting Federal taxes. The section would be effective from the enactment of the original acts and would, thus, demonstrate the continuity of congressional policy from the very beginning against making these benefits subject to any tax, attachment, garnishment, or other legal process under any circumstances whatever, and against the anticipation of such benefits.

Sections 5 and 6. Specifically providing for employees of the Railroad Retirement Board to be in and under the competitive civil service

Sections 5 and 6 of the bill would amend section 10 (b) (4) of the Railroad Retirement Act and section 12 (l) of the Railroad Unemployment Insurance Act, respectively, by requiring specifically that all positions to which persons are appointed by the Railroad Retirement Board, pursuant to either of the sections to be amended, shall be in and under the classified (competitive) civil service. The amendments would, further, prohibit the removal or the exception from the classified civil service of any such position, such as by transfer to schedule A, B, or C. The amendatory sections would be effective immediately upon enactment of the legislation and would require that all employment by the Board, except as specifically provided for otherwise, as in the case of members of the Actuarial Advisory Committee discussed below, would be completely under the classified or competitive civil-service system.

The amendments made by sections 5 and 6 of the bill would, of course, have no effect on the direction specifically given and the authority expressly granted to the Board and to the Secretary of the Treasury in section 15 (c) of the Railroad Retirement Act to select and provide for the compensation of members of the Actuarial Advisory Committee. The amendments would not have any effect either on the provisions of section 12 (l) of the Railroad Unemployment Insurance Act, which authorized the Board expressly to appoint persons, without regard to the civil-service laws, to accept unemployment insurance registrations and to perform incidental services in certain special areas where registration facilities are not otherwise available and to provide for their compensation on a piece-rate basis. Nor would the amendments in any way deprive the Board of the authority now granted it by section 12 (h) of the Railroad Unemployment Insurance Act and section 10 (b) (4) of the Railroad Retirement Act to engage or employ officers of railway labor organizations to perform certain functions for the Board, and to pay the additional expenses incurred for such performance, although otherwise without remuneration. In every other respect, however, the civil-service laws would be applicable to employees of the Board as indicated, and when employing persons for such positions as attorneys for which the

Civil Service Commission might not otherwise provide competitive examinations, the Commission would have authority to provide such examinations.

It is contemplated that persons not holding classified (competitive) positions in the Railroad Retirement Board when the amendments are enacted shall not be separated from their positions by reason of the amendments made in sections 5 and 6 of the bill. It is the intent of this committee that these individuals be afforded a reasonable opportunity to acquire a classified (competitive) civil-service status through suitable noncompetitive examinations.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of the rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman).

RAILROAD RETIREMENT ACT OF 1937, AS AMENDED

ANNUITIES

SEC. 2. (a) * * *

* * * * * * *

(e) Spouse's Annuity.—The spouse of an individual, if—

(i) such individual has been awarded an annuity under subsection (a) or a pension under section 6 and has attained the age of 65, and

(ii) such spouse has attained the age of 65 or in the case of a wife, has in her care (individually or jointly with her husband) a child who, if her husband were then to die, would be entitled to a child's annuity under subsection (c) of section 5 of this Act,

shall be entitled to a spouse's annuity equal to one-half of such individual's annuity or pension, but not more [than $40], *with respect to any month, than an amount equal to the maximum amount which could be paid to anyone, with respect to such month, as a wife's insurance benefit under section 202 (b) of the Social Security Act as amended from time to time: Provided, however,* That if the annuity of the individual is awarded under paragraph 3 of subsection (a), the spouse's annuity shall be computed or recomputed as though such individual had been awarded the annuity to which he would have been entitled under paragraph 1 of said subsection: *Provided further,* That, if the annuity of the individual is awarded pursuant to a joint and survivor election, the spouse's annuity shall be computed or recomputed as though such individual had not made a joint and survivor election: *And provided further,* That any spouse's annuity shall be reduced by the amount of any annuity and the amount of any monthly insurance benefit, other than a wife's or husband's insurance benefit, to which such spouse is entitled, or on proper application would be entitled, under subsection (a) of this section or subsection (d) of section 5 of this Act or section 202 of the Social Security Act; except that if such spouse is disentitled to a wife's or husband's insurance benefit, or has had such benefit reduced, by reason of subsection (k) of section 202 of the Social Security Act, the reduction pursuant to this third proviso shall be only in the amount by which such spouse's monthly insurance benefit under said Act exceeds the wife's or husband's insurance benefit to which such spouse would have been entitled under that Act but for said subsection (k).

* * * * * * *

ANNUITIES AND LUMP SUMS FOR SURVIVORS

SEC. 5. (a) * * *

* * * * * * *

(g) Correlation of Payments.—(1) An individual, entitled on applying therefor to receive for a month before January 1, 1947, an insurance benefit under the Social Security Act on the basis of an employee's wages, which benefit is greater in amount than would be an annuity for such individual under this section with

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respect to the death of such employee, shall not be entitled to such annuity. An individual, entitled on applying therefor to any annuity or lump sum under this section with respect to the death of an employee, shall not be entitled to a lump-sum death payment or, for a month beginning on or after January 1, 1947, to any insurance benefits under the Social Security Act on the basis of the wages of the same employee.

(2) If an individual is entitled to more than one annuity for a month under this section, such individual shall be entitled only to that one of such annuities for a month which is equal to or exceeds any other such annuity. [If an individual is entitled to an annuity for a month under this section and is entitled, or would be so entitled on proper application therefor, for such month to an insurance benefit under section 202 of the Social Security Act, the annuity of such individual for such month under this section shall be only in the amount by which it exceeds such insurance benefit.]

(3) In the case of any individual receiving or entitled to receive an annuity under this section on the day prior to the date of enactment of the provisions of this paragraph, the application of paragraph (2) of this subsection to such individual shall not operate to reduce the sum of (A) the annuity under this section of such individual, (B) the retirement annuity, if any, of such individual, and (C) the benefits under the Social Security Act which such individual receives or is entitled to receive, to an amount less than such sum was before the enactment of the provisions of this paragraph.

* * * * * * *

(l) Definitions.—For the purposes of this section the term "employee" includes an individual who will have been an "employee", and—

(1) * * *

* * * * * * *

(9) An employee's "average monthly remuneration" shall mean the quotient obtained by dividing (A) the sum of (i) the compensation paid to him after 1936 and before the quarter in which he will have died, eliminating any excess over $300 for any calendar month before July 1, 1954, and any excess over $350 for any calendar month after June 30, 1954, and (ii) [if such compensation for any calendar year is less than $3,600 and the average monthly remuneration computed on compensation alone is less than $350 and the employee has earned in such calendar year "wages" as defined in paragraph (6) hereof, such wages, in an amount not to exceed the difference between the compensation for such year and $4,200, by] *if such compensation for any calendar year before 1955 is less than $3,600 or for any calendar year after 1954 is less than $4,200 and the average monthly remuneration computed on compensation alone is less than $350 and the employee has earned in such calendar year "wages" as defined in paragraph (6) hereof, such wages, in an amount not to exceed the difference between the compensation for such year and $3,600 for years before 1955 and $4,200 for years after 1954, by* (B) three times the number of quarters elapsing after 1936 and before the quarter in which he will have died: *Provided*, That for the period prior to and including the calendar year in which he will have attained the age of twenty-two there shall be included in the divisor not more than three times the number of quarters of coverage in such period: *Provided, further*, That there shall be excluded from the divisor any calendar quarter which is not a quarter of coverage and during any part of which a retirement annuity will have been payable to him: *And provided further*, That if the exclusion from the divisor of all quarters beginning with the first quarter in which the employee was completely insured and had attained the age of sixty-five and the exclusion from the dividend of all compensation and wages with respect to such quarters would result in a higher average monthly remuneration, such quarters, compensation and wages shall be so excluded.

With respect to an employee who will have been awarded a retirement annuity, the term "compensation" shall, for the purposes of this paragraph, mean the compensation on which such annuity will have been based;

* * * * * * *

RETIREMENT BOARD

Personnel

SEC. 10. (a) * * *

Duties

(b) 1. * * *

* * * * * * *

[4.] (4) The Board shall establish and promulgate rules and regulations to provide for the adjustment of all controversial matters arising in the administration of such Acts, with power as a Board or through any member or designated

subordinate thereof, to require and compel the attendance of witnesses, administer oaths, take testimony, and make all necessary investigations in any matter involving annuities or other payments and shall maintain such offices, provide such equipment, furnishings, supplies, services, and facilities, and employ such individuals and provide for their compensation and expenses as may be necessary for the proper discharge of its functions. *All positions to which such individuals are appointed shall be in and under the competitive civil service and shall not be removed or excepted therefrom.* In the employment of such individuals under the civil-service laws and rules the Board shall give preference over all others to individuals who have had experience in railroad service, if, in the judgment of the Board they possess the qualifications necessary for the proper discharge of the duties of the positions to which they are to be appointed. All rules, regulations, or decisions of the Board shall require the approval of at least two members, except as provided in subdivision 5 of this subsection and they shall be entered upon the records of the Board, which shall be a public record. Notice of a decision of the Board, or of an employee thereof, shall be communicated to the applicant in writing within thirty days after such decision shall have been made.

The Board shall gather, keep, compile, and publish in convenient form such records and data as may be necessary to assure proper administration of such Acts. The Board shall have power to require all employers and employees and any officer, board, commission, or other agency of the United States to furnish such information and records as shall be necessary for the administration of such Acts. The several district courts of the United States and the District Court of the United States for the District of Columbia shall have jurisdiction upon suit by the Board to compel obedience to any order of the Board issued pursuant to this section. The orders, writs, and processes of the District Court of the United States for the District of Columbia in such suits may run and be served anywhere in the United States. The Board shall make an annual report to the President of the United States to be submitted to Congress. Witnesses summoned before the Board shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

* * * * * * *

EXEMPTION

SEC. 12. [No] *Notwithstanding any other law of the United States, or of any State, Territory, or the District of Columbia, no* annuity or pension payment shall be assignable or be subject to any tax or to garnishment, attachment, or other legal process under any circumstances whatsoever, nor shall the payment thereof be anticipated.

RAILROAD UNEMPLOYMENT INSURANCE ACT

BENEFITS

SEC. 2. (a) * * *

* * * * * * *

(e) [No] *Notwithstanding any other law of the United States, or of any State, Territory, or the District of Columbia, no* benefits shall be assignable or be subject to any tax or to garnishment, attachment, or other legal process under any circumstances whatsoever, nor shall the payment thereof be anticipated.

* * * * * * *

DUTIES AND POWERS OF THE BOARD

SEC. 12. (a) * * *

* * * * * * *

(l) In addition to the powers and duties expressly provided, the Board shall have and exercise all the powers and duties necessary to administer or incidental to administering this Act, and in connection therewith shall have such of the powers, duties, and remedies provided in section 10 (b) (4) of the Railroad Retirement Act of 1937, with respect to the administration of said Act, as are not inconsistent with the express provisions of this Act. A person in the employ of the Board under section 205 of the Act of Congress approved June 24, 1937 (50 Stat. 307), shall acquire a competitive classified civil-service status if, after recommendation by the Board to the Civil Service Commission, he shall pass such noncompetitive tests of fitness as the Civil Service Commission may prescribe. A person in the employ of the Board on June 30, 1939, and on June 30, 1940, and who has had experience in railroad service, shall acquire a competitive

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classified civil-service status if, after recommendation by the Board to the Civil Service Commission, he shall pass such noncompetitive tests of fitness for the position for which the Board recommends him as the Civil Service Commission may prescribe.

The Board may employ such persons and provide for their remuneration and expenses, as may be necessary for the proper administration of this Act. Such persons shall be employed and their remuneration prescribed in accordance with the civil-service laws and the Classification Act of 1923, except that the Board may fix the salary of a Director of Unemployment Insurance at $10,000 per annum: *Provided, That all positions to which such persons are appointed shall be in and under the competitive civil service and shall not be removed or excepted therefrom: Provided,* That in the employment of such persons the Board shall give preference, as between applicants attaining the same grades, to persons who have had experience in railroad services, and notwithstanding any other provisions of law, rules, or regulations, no other preferences shall be given or recognized: *And provided further,* That certification by the Civil Service Commission of persons for appointment to any positions at minimum salaries of $4,660 per annum, or less, shall, if the Board so requests, be upon the basis of competitive examinations, written, oral or both, as the Board may request: *And provided further,* That, for the purpose of registering unemployed employees who reside in areas in which no employer facilities are located, or in which no employer will make facilities available for the registration of such employees, the Board may, without regard to civil-service laws and the Classification Act of 1923, appoint persons to accept, in such areas, registration of such employees and perform services incidental thereto and may compensate such persons on a piece-rate basis to be determined by the Board. Notwithstanding the provisions of the Act of June 22, 1906 (34 Stat. 449), or any other provision of law, the Board may detail employees from stations outside the District of Columbia to other stations outside the District of Columbia or to service in the District of Columbia, and may detail employees in the District of Columbia to service outside the District of Columbia: *Provided,* That all details hereunder shall be made by specific order and in no case for a period of time exceeding one hundred and twenty days. Details so made may, on expiration, be renewed from time to time by order of the Board, in each particular case, for periods not exceeding one hundred and twenty days.

SUPPLEMENTAL VIEWS

We, the undersigned members of your committee, offer the following views on H. R. 4744, a bill to amend the Railroad Retirement Act of 1937, as amended, and the Railroad Unemployment Insurance Act. Although we support the substantive provisions of the bill (secs. 1, 2, 3, and 4), we are deeply disturbed by sections 5 and 6 which would amend both acts to require all positions in the Railroad Retirement Board to be under the competitive civil service and to prohibit their removal therefrom. The stated purpose of this particular amendment is to protect the merit system of civil-service employment at the Railroad Retirement Board against an allegedly threatened return to the "spoils system." We believe that these sections will not accomplish this stated purpose but to the contrary will tend to disrupt the merit system by establishing the undesirable precedent of legislating personnel policies for each Federal agency separately. Moreover, we strongly object to procedures whereby legislators are forced to vote for dangerous or undesirable provisions in order to secure enactment of beneficial measures to which such provisions have been attached without relevance or reason.

For reasons which will be more fully detailed below, the Civil Service Commission strongly opposes the enactment of sections 5 and 6. The Commission's views were made known in a letter to the chairman of the House Committee on Interstate and Foreign Commerce in a letter which reads as follows:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., May 2, 1955.

Hon. J. PERCY PRIEST,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives.

DEAR MR. PRIEST: This letter is in reply to your request for the Commission's views on H. R. 4828 and H. R. 4744, bills to amend the Railroad Retirement Act of 1937, as amended, and the Railroad Unemployment Insurance Act.

The Commission does not believe that it is necessary to enact this bill in order to protect the merit system within the Railroad Retirement Board.

The purpose of this bill is to prohibit the Civil Service Commission from removing or excepting positions in the Railroad Retirement Board from the requirements of the competitive civil service. The bill prohibits removing or excepting any positions except member of the Board positions from the competitive civil service. It would also require the Commission to restore to the competitive civil service all positions which are now excepted. At present, the Railroad Retirement Board is authorized to fill (1) 1 position in schedule C—the administrative (confidential) assistant to the Chairman of the Board; (2) 2 positions in schedule A—members of the actuary advisory committee selected by the Board, 1 from recommendations made by the representative of the employees and 1 from recommendations made by the carriers; (3) an unlimited number of special claim agents in schedule A under certain specified conditions; and (4) attorney positions in schedule A. The Commission believes that these positions have been properly placed in the excepted schedules.

The Commission believes that the merit system in the Railroad Retirement Board can be satisfactorily protected under existing legislation. The existing legislation provides that employment shall be under the civil-service rules and regulations. The civil-service rules provide flexible methods of appointment to

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meet special needs. These needs are recognized in schedules A, B, and C. The Commission believes that this flexibility is essential to the effective administration of the civil-service system. For example, the Commission believes that it is quite proper that the railroad employees and railroad management should have a voice in selecting the members of the actuary advisory board. It would obviously be inconsistent to require that these persons qualify through regular competitive civil-service procedures. The changing nature of Government organization, assignments, duties, and responsibilities together with changes affecting the conditions of appointment often require movement of positions from the competitive to the excepted service or from the excepted to the competitive service. Both types of movements have taken place in the Railroad Retirement Board on several occasions in the past.

The placement of attorney positions in the competitive civil service is contrary to present congressional policy. The Commission is specifically prohibited in its appropriations act from expending funds for the examining of attorneys.

The Commission believes that the use of schedules A, B, and C is an essential part of the operation of the merit system. The Commission carefully examines each request that positions be placed in these schedules, in order to assure itself that the positions meet the criteria prescribed by Executive order. The Commission does not believe that competitive civil-service procedures can satisfactorily be applied to every single position in an organization. The Commission cannot, therefore, recommend enactment of this legislation.

We are advised that the Bureau of the Budget has no objection to the submission of this report.

By direction of the Commission.

Sincerely yours,

PHILIP YOUNG, *Chairman.*

During the course of the hearings on bills amending the Railroad Retirement Act and on nominations to the Railroad Retirement Board in the 83d Congress the assertion was made by some members of the majority of your committee that the Board had always been entirely free from political influence in the hiring of Board personnel. If by freedom from political influence is meant requiring competitive civil-service examinations for all employees, the assertion is entirely inaccurate with respect to the Board's personnel policies in the past.

On numberous occasions the Board was authorized to hire personnel without regard to the requirements of the merit system:

1. Executive Order 7432 signed by President Roosevelt on April 10, 1936, authorized 27 executive positions in the Board to be filled "without compliance with the competitive provisions of the Civil Service Act and Rules."

2. Executive Order 7408 signed by President Roosevelt on July 6, 1936, blanketed into the civil service all of the former railroad employees who had taken employment with the Board and who had been working more than 60 days. The only requirement was that the employee be recommended by the head of the department and take such appropriate noncompetitive fitness tests as the Commission might prescribe.

3. The amendments to the Railroad Retirement Act of June 24, 1937 (sec. 205, Public Law 162, 75th Cong.) provided that Board employees—

who have had experience in the railroad service shall be retained in the employ of the Board, whether or not qualified under the civil-service laws and rules, if in the judgment of the Board they possess the qualifications necessary for the proper discharge of the duties of the positions which they are holding.

4. The amendments to the Railroad Unemployment Insurance Act of June 25, 1938, in section 12 (l), Public Law 722, 75th Congress, provided as follows:

* * * a person in the employ of the Board under section 205 of the act of Congress approved June 24, 1937 (50 Stat. 307), shall acquire a competitive

classified civil-service status if, after recommendation by the Board to the Civil Service Commission, he shall pass such noncompetitive tests of fitness as the Civil Service Commission may prescribe. A person in the employ of the Board on June 30, 1939, and on June 30, 1940, and who has had experience in the railroad service, shall acquire a competitive classified civil-service status if, after recommendation by the Board to the Civil Service Commission, he shall pass such noncompetitive tests of fitness for the position for which the Board recommends him as the Civil Service Commission may prescribe.

5. Executive Order 8063 signed by President Roosevelt on March 7, 1939, authorized 19 additional department heads in the Board to be appointed "without compliance with the competitive requirements of the civil service rules."

6. On February 24, 1947, President Truman issued Executive Order No. 9830 to the heads of executive departments and agencies (including the Railroad Retirement Board) which on page 9, rule 6.1, under the title "Exceptions From the Competitive Service," reads as follows:

(a) Because of their confidential or policy-determining character, or because it is not practicable to make appointments thereto through competitive examination, the positions named in schedules A and B, set out in section 6.4 of this rule shall be excepted from the competitive service. The Commission may, upon request of any agency, determine that similar positions also should be excepted from the competitive service. Upon publication in the Federal Register of its determination excepting such positions from the competitive service, appointment thereafter may be made to such positions in the same manner as under schedules A and B (sec. 6.4). At the end of each fiscal year the Commission shall submit to the President for review a list of the positions which it has excepted from the competitive service under this section during such year.

(b) Appointment to positions in schedule A (sec. 6.4 (a)) may be made without examination by the Commission.

(c) Appointments to positions in schedule B (sec. 6.4 (b)) shall be subject to such noncompetitive examination as the Commission may prescribe.

Thus it is apparent that not only have many positions at the Board been filled in the past on a noncompetitive basis, but that many such employees were permitted to acquire competitive civil-service status without regard to competitive merit. Nor will H. R. 4744 remedy this situation. As a matter of fact, some who support the enactment of sections 5 and 6 have made it plain that they wish to continue this practice of blanketing in. Thus, the House Committee on Interstate and Foreign Commerce in its favorable report on H. R. 4744 (Rept. No. 1046, House of Representatives, 84th Cong., 1st sess.), states:

It is contemplated that persons not holding classified (competitive) positions in the Railroad Retirement Board on the date of enactment of this legislation shall not be separated from their positions by reason of the amendments made by sections 5 and 6 of the reported bill. It is the intent of the committee *that such individuals shall be afforded a reasonable opportunity to acquire a classified (competitive) civil service status through suitable noncompetitive examinations.*" [Emphasis supplied.]

It is interesting to consider the genesis of sections 5 and 6 of H. R. 4744. During the 83d Congress, a majority of the Board recommended to the Commission that 10 top policy-determining and confidential positions be placed in schedule C. Actually, the Board withdrew its recommendation to the Commission before any action thereupon by the latter and as of today, only one position at the Board is under schedule C—that of confidential assistant to the Board's Chairman. All other noncompetitive positions in the agency were ex-

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cepted by virtue of schedules A or B of the Civil Service Rules and Regulations long before the promulgation of the Presidential Executive order which established the schedule C category.

The effect of the enactment of sections 5 and 6 would be, not only to prevent the Board Chairman from choosing his own confidential assistant, but to throw into the competitive civil service all Board positions which are now, as they were during the previous administration, in the excepted noncompetitive category. Thus, a newly appointed Chairman of the Board would be forced to accept as his own the confidential assistant of his predecessor. Hence, the primary purpose of the excepted classifications, a purpose recognized as desirable and necessary by the past administration as well, would be frustrated and Government would be placed in a straitjacket whose inflexibility would make extremely difficult the implementation of agency policy.

Sections 5 and 6 would not only impair a system which for years has been deemed necessary, but would constitute a discriminatory "rider" to a bill concerned with wholly unrelated matters. The virtue of a genuinely competitive merit system is its uniform applicability to all parts of the executive branch. But even with respect to the executive branch there has long existed a recognition of the need to provide some flexibility in recruiting personnel which a uniform civil-service system cannot provide. Schedules A and B positions are placed outside the competitive civil service precisely because they are of a confidential character or cannot practicably be filled by means of competitive examinations. The schedule C policy promulgated by the President is not an innovation—it merely rounds out the system previously established when the schedule A and B categories were initiated by his predecessor. As a matter of fact, in the light of a recent judicial decision to be discussed hereinafter, there are no objectives which an agency wishes to attain by placing a position in schedule C which cannot now be equally attained by placing such position in schedule A. Thus, the effect of sections 5 and 6 would not be to prevent alleged evils which it is asserted flow uniquely from the use of the schedule C procedure but to destroy as well the flexible system of excepted job categories which were originally established by the past administration.

Moreover, such destruction would occur only in a single agency while practically all others would continue to be subject to the civil-service laws and rules including schedules A, B, and C. No facts have been educed nor has any case been made for treating the Railroad Retirement Board differently with respect to personnel policy from other independent executive agencies nor has there ever been such difference of treatment in this respect under previous administrations. The consequence, therefore, of enacting sections 5 and 6 would be to establish a separate system of recruiting personnel for the Railroad Retirement Board without visible justification and establish a precedent endangering the whole system of uniform civil-service laws.

Although the setting up of excepted positions is the result of executive rather than legislative action, both past and present, there is one important respect in which the enactment of sections 5 and 6 would upset long-established congressional policy. For more than 10 years past the Civil Service Commission has been prohibited by law from conducting examinations for attorney positions. As a result,

attorneys hired during that period have been unable to acquire competitive civil-service status and such positions were placed in schedule A.

Efforts have been made from time to time to persuade the Congress to change its policy in this respect and permit attorney positions to be placed under the competitive civil service. The present Civil Service Commission has so recommended to the Congress. But without going into the merits of the question of whether attorneys should be under the competitive civil service, sections 5 and 6 would reverse a congressional policy of long standing in one particular agency alone. If such a modification is deemed desirable, it should be done throughout the executive branch.

In any event, the fears which originally induced the inclusion of sections 5 and 6 in H. R. 4744 have since proved, in large part, to be groundless. The employees who occupied the 10 positions which the Board sought to have placed in schedule C are in no danger of losing their jobs by virtue of such action if they have civil-service status at the time the action is taken. They would continue, even under schedule C, to enjoy all the protections of employees with competitive civil-service status generally. The only ones among them who could have been discharged summarily after being placed in schedule C are those, if any, who, having no competitive civil-service status, could have been similarly discharged before being placed in schedule A, B, or C.

These protections were laid down by the Court of Appeals for the District of Columbia in its decision in the celebrated Roth case. As a result of this decision, the Civil Service Commission in a statement issued January 23, 1955, laid down the following principles to govern the movement of employees from the competitive civil service to excepted positions:

1. An employee who is serving with competitive status in a competitive position at the time his position is listed under schedules A, B, or C, continues to be in the competitive service during his occupancy of that position and is therefore entitled to the removal protection of the Lloyd-LaFollette Act of 1912.

2. Beginning on January 23, 1955, where a proposed appointee to a schedule A, B, or C position is serving in the competitive service, he shall not be appointed until he is advised in writing that acceptance of the excepted appointment will result in his leaving the competitive service.

In the light of the foregoing considerations, we, the undersigned members of your committee, strongly oppose the enactment of sections 5 and 6 of H. R. 4744.

H. Alexander Smith.
William A. Purtell.
Barry M. Goldwater.
George H. Bender.
Gordon Allott.

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Calendar No. 1054

84TH CONGRESS, 1st Session } SENATE { REPORT No. 1041

INTERCHANGE OF CERTAIN FEDERAL AND STATE EMPLOYEES

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, without amendment, and ordered to be printed

Mr. AIKEN, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany S. 1915]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1915) to provide for further effectuating the act of May 15, 1862, through the exchange of employees of the United States Department of Agriculture and employees of State political subdivisions or educational institutions, having considered the same, report thereon with a recommendation that it do pass without amendment.

S. 1915 was prepared by a joint committee of the land-grant colleges and the Department of Agriculture to overcome certain personnel difficulties in cooperative work with the States and provides for the interchange of employees by the Department of Agriculture and State and local governments. Department employees interchanged would be either (1) on detail, entitled to salary and all other benefits from the Department, but subject to such State or local supervision as might be agreed upon; or (2) on leave without pay, with all rights of that status plus (*a*) such annual and sick leave as approved by the Secretary, (*b*) credit toward periodic and longevity step increases, (*c*) credit toward retirement upon payment of the appropriate percentage of State pay into the retirement fund, and (*d*) benefits under the Federal Employees' Compensation Act, unless they elected to receive similar State or local benefits. Transportation expenses in moving employees on either a detail or leave basis to their State assignments and back to their Federal official stations would be paid by the Department, but travel while on State assignment would not be paid by the Department.

State or local employees assigned to the Department might be either (1) on detail, or (2) appointed by the Department without regard to

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the civil service laws and regulations (i. e., without examination and without tenure). Employees on detail to the Department would not be considered as employees of the Department except for purposes of the Federal Employees Compensation Act and then only if they had not elected to receive similar State benefits. Travel expenses of employees so on detail would be paid by the Department.

DEPARTMENTAL VIEWS

A favorable report on the bill from the Department of Agriculture is attached hereto as a part of this report.

DEPARTMENT OF AGRICULTURE,
Washington, D. C., July 14, 1955.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of May 11, 1955, for the Department's views on S. 1915, a bill to provide for further effectuating the act of May 15, 1862, through the exchange of employees of the United States Department of Agriculture and the employees of State political subdivisions or educational institutions.

The Department considers this proposed legislation to be desirable and recommends its passage.

Our close relationship with the States, especially the land-grant colleges, makes it highly desirable for an interchange of personnel where cooperative work is being done. The difference between the Federal Government and States retirement and leave systems, salary schedules, and civil-service systems present serious obstacles in arranging for such exchange of personnel. Employees are reluctant to accept such exchange assignments in view of the loss of benefits they would otherwise have been entitled to should they have remained at their own jobs. The bill would overcome many of these obstacles.

The proposed legislation was prepared on recommendation of the Joint Land-Grant College Department of Agriculture Committee on Training for Government Service. It has been reviewed and endorsed by the Association of Land-Grant Colleges and Universities.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

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Calendar No. 1055

84TH CONGRESS, 1st Session | SENATE | REPORT No. 1042

ADJUSTMENT OF DEBTS

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, without amendment, and ordered to be printed

Mr. ELLENDER, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany S. 1621]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1621) to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed or subject to the act of August 11, 1939, as amended, and for other purposes, having considered the same, report thereon with a recommendation that it do pass without amendment.

S. 1621 would authorize the Secretary of Agriculture to compromise and adjust debts of settlers on water conservation and utilization projects developed under the Wheeler Case Act, as amended. This authority is already being exercised by the Secretary with respect to loans for land purchase or improvement made under the Bankhead-Jones Farm Tenant Act. As noted in the report below from the Department of Agriculture, the financial difficulties in which some of these settlers find themselves are often not subject to their control. The report from the Department of the Interior is also attached as a part of this report.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., July 1, 1955.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request for a report on S. 1621, a bill to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed under or subject to the act of August 11, 1939, as amended, and for other purposes.

We recommend enactment of the bill.

The bill would extend to projects developed under the authorities of the act of August 11, 1939, the provisions of sections 41 (g), 43, and 51 of the Bankhead-Jones

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Farm Tenant Act, as amended (7 U. S. C. 1015 (g), 1017, and 1025), which sections authorize debtors to be released of liability for their debts under certain conditions. The bill also would authorize the Secretary of Agriculture to make adjustments in the terms, conditions, and amounts of obligations incurred in connection with the development or operation of a project unit, or in the price at which units on such projects are sold to settlers as may be reasonably necessary to permit such settlers to acquire, develop, and establish successful farming operations on their farm units and to pay any adjusted obligations.

The enactment of this bill is desirable in order that worthy farm families may be granted some relief from the problems and difficulties they are confronted with on these project units. For example, on the Angostura project at Hot Springs, S. Dak., settlers are having difficulty because:

1. Seepage is developing from irrigation canals and the application of irrigation water to the extent that the irrigable crop acreage on some farms is being reduced to the point that a family cannot be reasonably expected to succeed.

2. Due to the semiarid nature of the area and the sandy texture of much of the soil, there is a lack of humus and organic matter. Under such conditions, some farmers cannot obtain profitable yields until the soil has been developed with fertilizers, legumes, green-manure crops, and good tillage practices. The removal of topsoil in land-leveling operations has been an additional cause of low crop yields for the first years of occupancy. For these reasons, many settlers have lost money on their farming operations during the first years of their occupancy of the units and will fail unless afforded further opportunities to work out of their difficulties.

3. Since the majority of these settlers are young veterans with limited resources, the problem is intensified as they have not been able to provide sufficient funds to supplement the amounts which could be loaned to them under existing authorities of the Farmers' Home Administration to adequately develop their farms. They also have been unable to obtain necessary buildings, particularly livestock shelter, fences, and, in some instances, a habitable dwelling.

The enactment of this bill will not result in additional administrative costs as its administration will be absorbed.

The Bureau of the Budget advises that, from the standpoint of the program of the President, there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington 25, D. C., July 19, 1955.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate, Washington 25, D. C.

MY DEAR SENATOR ELLENDER: A report has been requested from this Department on S. 1621, a bill to authorize adjustment by the Secretary of Agriculture of certain obligations of settlers on projects developed or subject to the act of August 11, 1939, as amended, and for other purposes.

If enacted, S. 1621 would extend certain provisions of the Bankhead-Jones Farm Tenant Act, as amended, to projects developed under the Wheeler-Case Act (54 Stat. 1119, 16 U. S. C., secs. 590y–z) and the Interior Department Appropriation Act (53 Stat. 685, 719). Under these acts, there is a division of authority between this Department and the Department of Agriculture, this Department being responsible (to put the matter in general terms) for the engineering aspects of the projects and for negotiation and administration of contracts with organizations of water users for repayment of the reimbursable costs of the project works and the Department of Agriculture being responsible for the land settlement program, the disposition of lands to settlers, and Federal assistance to the settlers by way of loans and the like.

The portions of the Bankhead-Jones Act which would be extended are those which provide for (1) compromising and adjusting claims and modifying the terms of mortgages, leases, contracts, and agreements, (2) expediting the liquidation of projects by the sale of lands, by making loans for the improvement of lands and repair of property, and by disposing of public facilities, and (3) the purchase by the Secretary of Agriculture of foreclosed property, the operation and ultimate disposition of such property, and making advances to preserve the

Government's security, liens, and priorities on loans. The operation of the extensions of authority proposed by S. 1621 is expressly limited to those obligations of settlers which run to or are administered by the Secretary of Agriculture. Enactment of the bill would also authorize the Secretary of Agriculture "to make such additional adjustments in the terms and conditions and amounts of any such obligations * * * or in the price at which project units are sold to settlers as may be reasonably necessary to permit such persons to acquire, develop, and establish successful farming operations on their farm units and repay such adjusted obligations."

It appears, from this review of the contents of S. 1621, that its enactment will affect only operations of the Department of Agriculture and that it will not affect repayment obligations of contracting organizations which are administered by the Department of the Interior. In view of this we offer no comment on the bill and advise you that we would have no objection to enactment of the bill.

The Bureau of the Budget has advised that there would be no objection to the submission of this report to your committee.

Sincerely yours,

FRED G. AANDAHL,
Assistant Secretary of the Interior.

The following provisions would be extended to the obligations of settlers on projects developed under the Wheeler-Case Act, as amended, to the Secretary of Agriculture.

BANKHEAD-JONES FARM TENANT ACT, AS AMENDED

SECTION 41. (7 U. S. C. 1015)

* * * * * * *

(g) Compromise or adjust claims and adjust and modify the terms of mortgages, leases, contracts and agreements entered into or administered pursuant to sections 1001–1005d, 1007, and 1008–1029 of this title as circumstances may require, in the following manner:

(1) Compromise of claims of $10,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General, pursuant to the provisions of section 194 of Title 31;

(2) Claims of less than $10,000 may be compromised or may be adjusted or reduced on the basis of a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment; releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of—

(A) borrowers who have transferred their farms to other approved applicants under agreements assuming the outstanding indebtedness to the Secretary under sections 1014–1029 of this title; and

(B) Borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness to the Secretary which is equal to the earning capacity value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

(C) No compromise or adjustment shall be made upon terms more favorable than recommended by the appropriate County Committee established pursuant to section 1016 of this title;

(3) Any claim of $100 or less, which has been due and payable for three years or more, and where the debtor has no assets from which the claim could be collected or is deceased and has left no estate, or has been absent from his last known address for a period of at least two years and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided*, That claims of $10 or less may be canceled and released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical; and

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(4) At the end of each fiscal year the Secretary shall report to Congress the names of all persons against whom claims in excess of $1,000 have been compromised, the address of such person, the nature of the claim, the amount of the compromise, and the reason therefor.

* * * * * * *

SECTION 43 (7 U. S. C. 1017)

* * * * * * *

The Secretary is authorized to continue to perform such of the functions vested in him pursuant to Executive Order Numbered 7530 of December 31, 1936, as amended by Executive Order Numbered 7557 of February 19, 1937, and pursuant to sections 431–434 of Title 40, as shall be necessary only for the completion and administration of those resettlement projects, rural rehabilitation projects for resettlement purposes, and land development and land utilization projects, for which funds have been allotted by the President, and the balances of funds available to the Secretary for said purposes which are unexpended on June 30, 1937, are authorized to be appropriated to carry out said purposes: *Provided*, That any land held by the United States under the supervision of the Secretary pursuant to said Executive orders may where suitable be utilized for the purposes of sections 1001–1006 of this title, and the Secretary may sell said land and make loans for the necessary improvement thereof to such individuals and upon such terms as shall be in accordance with the provisions of sections 1001–1006 of this title.

* * * * * * *

SECTION 51 (7 U. S. C. 1025)

SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to or acquired by the Secretary under this Act, the Act of August 14, 1946, the Act of April 6, 1949, the Act of August 28, 1937, or the item "Loans to Farmers, 1948, Flood Damage" in the Act of June 25, 1948, as those Acts are heretofore or hereafter amended or extended; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act.

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Calendar No. 1056

84TH CONGRESS, 1st Session | SENATE | REPORT No. 1043

NATIONAL MARKETING QUOTAS FOR TOBACCO

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, without amendment, and ordered to be printed

Mr. CLEMENTS, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany S. 2297]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2297) to further amend the Agricultural Adjustment Act of 1938, and for other purposes, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill provides (1) for the imposition of marketing quotas for 3-year periods, rather than for 1 or 3 years as determined by producers as is the case at present, and (2) that quotas shall not be proclaimed oftener than once every 3 years for any kind of tobacco for which producers have disapproved marketing quotas in 3 successive years subsequent to 1952 (unless at least one-fourth of the producers of such tobacco petition the Secretary to proclaim quotas). Quotas effective for 3 years will tend to provide for more level and orderly production than is the case where years of unlimited production alternate with years of controlled production. Elimination of yearly quota proclamations for kinds of tobacco for which quotas are consistently disapproved will eliminate the expense of unnecessary referenda.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., July 19, 1955.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This acknowledges your letter of June 23, 1955, requesting the Department's views on S. 2297, a bill to further amend the Agricultural Adjustment Act of 1938, and for other purposes.

The Department recommends that the bill be passed.

In addition to restating existing provisions of law, S. 2297, provides that if marketing quotas on any kind of tobacco are disapproved in 3 consecutive

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referenda subsequent to 1952, a referendum on such kind of tobacco would be held only once every 3 years thereafter unless at least one-fourth of the growers of such kind of tobacco petition the Secretary prior to November 10 for a referendum before the end of the 3-year period. Under existing law, a referendum must be held each year following disapproval of quotas in a referendum. Under the bill, all future referenda would be with respect to quotas for 3 years, rather than for both 3 years or 1 year.

It is believed that S. 2297 could result in some saving to the Government (1) because of elimination of a few otherwise necessary referenda where growers have consistently disapproved quotas, and (2) due to better protection of Commodity Credit Corporation funds advanced on tobacco pledged as collateral for price support. For instance, growers of cigar-filler (type 41) tobacco have disapproved quotas in each of the five referenda held. Further, price support loans at 90 percent of parity in a year when quotas are in effect results in tobacco being pledged that year for price-support loans. If quotas are not in effect for subsequent years it is difficult to dispose of holdings on which Commodity Credit Corporation funds have been advanced due to the effect of unlimited production. Then, if quotas are again voted in effect, another volume of tobacco is pledged, thereby increasing the quantity held under loan. The purpose of the marketing-quota program is to maintain supplies in line with demand and this is difficult of accomplishment when quotas are on an in-and-out basis.

In view of Mr. Mouser's telephone request of July 18 that these reports be submitted immediately, we have not obtained advice from the Bureau of the Budget as to the relationship of this proposed legislation to the program of the President.

Sincerely,

EARL L. BUTZ, *Acting Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

* * * * * * *

[SEC. 312. (a) Whenever the Secretary finds that the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level therefor, the Secretary shall proclaim the amount of such total supply, and, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the tobacco marketed during such marketing year: *Provided*, That the Secretary shall proclaim a national marketing quota for each marketing year for each kind of tobacco for which a national marketing quota was proclaimed for the immediately preceding marketing year, and shall proclaim a national marketing quota for Virginia sun-cured tobacco for each marketing year for which a quota is proclaimed for fire-cured tobacco, and, beginning on the first day of the marketing year next following and continuing throughout such year, a national marketing quota shall be in effect for the tobacco marketed during such marketing year. The Secretary shall also determine and specify in such proclamation the amount of the national marketing quota in terms of the total quantity of tobacco which may be marketed, which will make available during such marketing year a supply of tobacco equal to the reserve supply level. Such proclamation shall be made not later than the 1st day of December in such year. The amount of the national marketing quota so proclaimed may, not later than the following March 1, be increased by not more than 20 per centum if the Secretary determines that such increase is necessary in order to meet market demands or to avoid undue restriction of marketings in adjusting the total supply to the reserve supply level.

[(b) Within thirty days after the date of the issuance of the proclamation specified in subsection (a) of this section, the Secretary shall conduct a referendum of farmers who were engaged in production of the crop of tobacco harvested prior to the holding of the referendum to determine whether such farmers are in favor of or opposed to such quota. If more than one-third of the farmers voting in the

referendum oppose such quota, the Secretary shall, prior to the first day of January, proclaim the result of the referendum and such quota shall not be effective thereafter. In the same referendum the Secretary shall also submit to such farmers the question of whether they favor tobacco marketing quotas for a period of three years, beginning with the marketing year next following. If two-thirds of the farmers voting on this question favor marketing quotas for a three-year period, the Secretary shall proclaim marketing quotas for such period, and, beginning on the first day of the marketing year next following and continuing throughout the period so proclaimed, a national marketing quota shall be in effect for the tobacco marketed during each marketing year in said period unless amendments are made in the provisions for determining farm allotments so as to cause material revision of such allotments before the end of such period. If more than one-third of the farmers voting on this question oppose marketing quotas for the three-year period, such results shall be proclaimed by the Secretary and quotas for a longer period than one year shall not be in effect, but such result shall in nowise affect or limit the proclamation and submission to a referendum, as otherwise provided in this section, of a national marketing quota for any marketing year thereafter.]

SEC. 312. (a) The Secretary shall, not later than December 1 of any marketing year, proclaim a national marketing quota for any kind of tobacco for each of the next three succeeding marketing years whenever he determines with respect to such kind of tobacco—

(1) that a national marketing quota has not previously been proclaimed and the total supply as of the beginning of such marketing year exceeds the reserve supply level therefor;

(2) that such marketing year is the last year of three consecutive years for which marketing quotas previously proclaimed will be in effect;

(3) that amendments have been made in provisions for establishing farm acreage allotments which will cause material revision of such allotments before the end of the period for which quotas are in effect; or

(4) that a marketing quota previously proclaimed for such marketing year is not in effect because of disapproval by producers in a referendum held pursuant to subsection (c): Provided, That if such producers have disapproved national marketing quotas in referenda held in three successive years subsequent to 1952, thereafter a national marketing quota shall not be proclaimed hereunder which would be in effect for any marketing year within the three-year period for which national marketing quotas previously proclaimed were disapproved by producers in a referendum, unless prior to November 10 of the marketing year one-fourth or more of the farmers engaged in the production of the crop of tobacco harvested in the calendar year in which such marketing year begins petition the Secretary, in accordance with such regulations as he may prescribe, to proclaim a national marketing quota for each of the next three succeeding marketing years.

(b) The Secretary shall also determine and announce, prior to the first day of December, the amount of the national marketing quota proclaimed pursuant to subsection (a) which is in effect for the next marketing year in terms of the total quantity of tobacco which may be marketed which will make available during such marketing year a supply of tobacco equal to the reserve supply level. The amount of the national marketing quota so announced may, not later than the following March 1, be increased by not more than 20 per centum if the Secretary determines that such increase is necessary in order to meet market demands or to avoid undue restrictions of marketings in adjusting the total supply to the reserve supply level.

(c) Within thirty days after the proclamation of national marketing quotas under subsection (a), the Secretary shall conduct a referendum of farmers engaged in the production of the crop of tobacco harvested immediately prior to the holding of the referendum to determine whether such farmers are in favor of or opposed to such quotas for the next three succeeding marketing years. If more than one-third of the farmers voting oppose the national marketing quotas, such results shall be proclaimed by the Secretary and the national marketing quotas so proclaimed shall not be in effect but such results shall in no wise affect or limit the subsequent proclamation and submission to a referendum, as otherwise provided in this section, of a national marketing quota.

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Calendar No. 1057

84TH CONGRESS, 1st Session } SENATE { REPORT No. 1044

NEW FARM ALLOTMENTS FOR BURLEY TOBACCO

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, with amendments, and ordered to be printed

Mr. CLEMENTS, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany S. 2296]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2296) to amend section 313 of the Agricultural Adjustment Act of 1938, with respect to tobacco allotments, having considered the same, report thereon with a recommendation that it do pass with amendments.

This bill provides that the production of tobacco on a farm having no allotment shall neither make it an "old farm" for allotment purposes nor prevent it from being a "new farm" for such purposes. This would be consistent with Public Law 21 of this Congress, which provides that excess tobacco acreage shall not be taken into account in determining allotments. The bill and the committee amendments are more fully discussed in the attached letter from the Department of Agriculture.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., July 19, 1955.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate, Washington, D. C.

DEAR SENATOR ELLENDER: This acknowledges your letter of June 23, 1955, requesting the Department's views on S. 2296, a bill to amend section 313 of the Agricultural Adjustment Act of 1938, with respect to tobacco allotments.

The Department recommends that the bill be passed.

The bill provides that no old farm tobacco acreage allotment would be determined for a farm on which tobacco was produced the preceding year if no tobacco allotment was determined for the farm for such preceding year. For instance, if tobacco is produced in 1955 on a farm for which no 1955 tobacco acreage allotment was determined, no 1956 old farm allotment would be determined for the farm. Further, the experience in connection with such 1955 crop of

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tobacco would not be counted as "past tobacco experience" for any producer on the farm in 1955 who might apply for a new farm allotment on such farm or any other farm for 1956 or any subsequent year. This would be in keeping with Public Law 21, 84th Congress, which provides that excess tobacco acreage shall not be taken into account in determining allotments.

It is suggested, however, that the following clarifying amendments be made:

(1) Designate the subsection being added as "(j)".

(2) Insert in line 6, following the words "on a farm", the words "in 1955 or any subsequent year".

(3) Insert in line 7 in lieu of the words "has been" the word "was".

We understand that the House Committee on Agriculture in reporting out H. R. 6846, a companion bill to S. 2296, adopted these same amendments. If the amendments are adopted, the bill would be consistent with Public Law 21, which becomes effective beginning with the 1955 crop of tobacco.

In carrying out provisions of S. 2296 no additional funds would be required.

In view of Mr. Mouser's telephone request of July 18 that these reports be submitted immediately, we have not obtained advice from the Bureau of the Budget as to the relationship of this proposed legislation to the program of the President.

Sincerely yours,

EARL L. BUTZ, *Acting Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

SEC. 313. * * *

(j) The production of tobacco on a farm in 1955 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsections (b) and (g) hereof: Provided, however, That by reason of such production the farm need not be considered as ineligible for a new farm allotment under subsections (c) and (g) hereof, but such production shall not be deemed past tobacco experience for any producer on the farm.

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Calendar No. 1058

84TH CONGRESS, 1st Session } SENATE { REPORT No. 1045

MEXICAN FARM LABOR ACT EXTENSION

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, with an amendment, and ordered to be printed

Mr. AIKEN, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany H. R. 3822]

The Committee on Agriculture and Forestry, to whom was referred the bill (H. R. 3822) to amend title V of the Agricultural Act of 1949, as amended, having considered the same, report thereon with a recommendation that it do pass with an amendment.

This bill, with the committee amendment, would (1) extend the Mexican farm labor program to June 30, 1957, (2) provide for relieving employers of their liability to pay workers' transportation and subsistence costs where such costs have been paid or provided to the workers, and (3) require consultation with employers and workers in determining the availability of domestic workers and the effect of the program on wages and working conditions of domestic workers. The bill is fully explained in the attached report of the House Committee on Agriculture.

The committee did not conduct general hearings on this bill, the hearings conducted by the House Committee on Agriculture being deemed sufficient for the committee's purposes. It did, however, hear testimony from Gen. J. M. Swing, Commissioner of the Immigration and Naturalization Service, concerning certain employers' violations of their agreements, and problems involved in administering the law to prevent such violations. Under section 501 (6) of the act, the Secretary of Labor guarantees employers' wage obligations and consequently has responsibility for seeing that employers pay the full wage covered by their agreements. It appears that some employers, in violation of their agreements, have paid workers as little as 25 to 30 cents an hour. Your committee recognizes this situation as one that requires prompt and forceful attention, and believes that the Department of Labor and the Immigration and Naturalization Service should cooperate fully in eradicating it. About a thousand

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officers of the latter Service are engaged in checking on Mexican farm workers to locate illegal entrants and can at the same time check on violations of these contracts. Employers found to be in violation could then be deprived of the advantages of the act, and it is believed that this method of enforcement should be effective. If this method of enforcement raises any problems under the terms of the agreement with Mexico, your committee believes that such problems can and should be worked out with the Government of Mexico. Because this situation is one that must be remedied, your committee feels that the act should not be extended beyond June 30, 1957. At that time Congress can determine the effectiveness of the enforcement of the act, and whether any further steps to remedy the situation should be taken.

[H. Rept. No. 625, 84th Cong., 1st sess.]

The Committee on Agriculture, to whom was referred the bill (H. R. 3822) to amend title V of the Agricultural Act of 1949, as amended, by striking out the termination date, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

The amendment is as follows:

Strike out all after the enacting clause, and insert: "That section 509 of the Agricultural Act of 1949, as amended, is amended by striking out 'December 31, 1955' and inserting 'June 30, 1959'.

"SEC. 2. Subsection 3 of section 502 of such Act, as amended, is amended by changing the period at the end thereof to a colon and adding the following: '*Providing, however*, That if the employer can establish to the satisfaction of the Secretary of Labor that the employer has provided or paid to the worker the cost of return transportation and subsistence from the place of employment to the appropriate reception center, the Secretary under such regulations as he may prescribe may relieve the employer of his obligation to the United States under this subsection.'

"SEC. 3. Section 503 of such Act, as amended, is amended by adding at the end thereof the following:

" 'In carrying out the provisions of (1) and (2) of this section, provision shall be made for consultation with agricultural employers and workers for the purpose of obtaining facts relevant to the supply of domestic farm workers and the wages paid such workers engaged in similar employment. Information with respect to certifications under (1) and (2) shall be posted in the appropriate local public employment offices and such other public places as the Secretary may require.' "

Amend the title to read: "A bill to amend title V of the Agricultural Act of 1949, as amended."

STATEMENT

The Mexican farm-labor program as it is operated today is based on legislation which became law on July 12, 1951, and was made title V of the Agricultural Act of 1949. The essential purpose of the act is to authorize the making of an agreement with the Government of Mexico for the use of Mexican nationals for temporary agricultural employment in the United States and the making of certain commitments by the Government of the United States with respect to the employment of those nationals and the protection of domestic labor. The termination date of the act was December 31, 1953. On August 8, 1953, the act was extended without change until December 31, 1955.

Probably no act with which this committee has been concerned in recent years has been so generally misunderstood as this piece of legislation. It is referred to repeatedly as the wetback bill although, rather than affording assistance in any way to the wetback Mexican nationals who cross the Rio Grande illegally to seek employment in the United States, or in any way encouraging the practice of employing such Mexicans, this act provides the only effective means of eliminating this practice. With the act in effect, it is to the advantage both of the Mexicans an the employers to utilize the legally controlled procedures of the labor program rather than the illegal practices associated with wetbacks.

This act is frequently associated with reports of substandard living conditions of migrant laborers and their families. Whatever the facts of such reports may

be, they can have no possible connection with the program made possible by the act because only male workers may be brought in from Mexico under this program and the bringing of wives and families is absolutely prohibited.

It is frequently assumed that it is this act which makes possible the entry of Mexicans into the United States for temporary employment and that without this act Mexican labor would not be used in the United States. This is not true. Aside from the flood of wetbacks which would roll into southern areas of the United States in the absence of the legal procedures provided by this act, the immigration laws themselves authorize the legal entry into the United States of Mexicans and other aliens for temporary employment. For years, thousands of Mexicans annually come into the United States for farm employment under the "white card" system authorized by the immigration laws. This system has been replaced by the much more satisfactory procedures of this act but the provisions of the immigration laws authorizing such entry are still in effect.

Under existing economic conditions and immigration laws, Mexicans are going to come into the United States for temporary agricultural employment. The purpose of this act is to permit the Government of the United States to assume more responsibility for Mexicans who come in under the work program and for the performance of individual contracts under that program than would be possible in the absence of such legislation, and to protect United States workers against any possible adverse effects from the influx of Mexican workers. Under the authority of the act, the details of the program can be worked out and embodied in a formal agreement with the Government of Mexico.

At the extensive hearings on the bill, even those who in the past have been critical of the Mexican labor program admitted that it is working with increasing effectiveness in bringing about an orderly and fair handling of this difficult situation. With a legal and supervised work contract and program available, the influx of illegal wetbacks has been substantially reduced.

In commenting on this aspect of the program, the Assistant Secretary of Labor, who appeared before the committee in support of the bill, said:

"In accordance with the mandate in the law, the Department of Labor makes every effort possible to fill our farm labor needs from all available domestic sources. During 1954, placements of farmworkers by local offices of the State employment services fell slightly below 9 million but they were still substantially above the 5-year average. During the past year the annual worker plan, under which migrant workers are prescheduled for the season, was introduced on a national scale.

"The day-haul program under which workers in cities and towns are taken daily to farms contributed approximately 250,000 additional seasonal workers to the work force. Recruitment of Indian workers from reservations rose substantially last year, placements increasing from about 32,000 to 42,000 during 1954. While the number of Puerto Ricans coming in under contract last year dropped from the previous year, the total number employed in agriculture was not reduced. A large number of Puerto Ricans are now resident migrant workers on the east coast, and many others come here seasonally from Puerto Rico by making their own arrangements with individual employers.

"Despite these and other efforts to secure domestic workers, the largest number of Mexican workers ever contracted were brought into this country last year. During 1953, we imported 201,380 workers, and during the last calendar year 309,033. This increase of over 33 percent was due not only to the continued demand for supplementary farmworkers but also to the replacement of illegal workers by contract workers."

With respect to the need for continuation of the program, the Assistant Secretary said:

"We favor the further extension of the program. As President Eisenhower pointed out in his budget message, the conditions which gave rise to the enactment of Public Law 78 and its extension are to a large extent still with us. During calendar year 1954, the demand for agricultural labor remained strong even in the face of curtailed acreage of some crops which are heavy users of labor. Improved cultivating methods, liberal use of fertilizers, insecticides, and improved seed raised the per acre production with proportionate demands for harvest labor.

"There is no indication that our agriculture will be able for quite some time to accomplish the vital task of harvesting its large seasonal crops by relying solely on domestic farm labor. The overall size of that labor force has been steadily diminishing over a number of years, and there is no indication that this trend will be reversed in the near future."

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PERIOD OF EXTENSION

As introduced, the bill provided for indefinite extension of the act. At the hearings the Assistant Secretary of Labor suggested an extension of 4½ years. Labor spokesmen generally proposed a 1-year extension. The committee amendment will extend the act for 3½ years—to June 30, 1959. The termination date has been made June 30, instead of December 31, at the request of the Department of Labor, in order to conform to fiscal-year operations.

AMENDMENT TO SECTION 502

The amendment to section 502 was proposed by the Department of Labor and supported by representatives of farm organizations. Its purpose is to relieve employers of double liability for the cost of returning a worker to Mexico where the employer has paid once for such movement but the Mexican does not return and is later apprehended.

AMENDMENT TO SECTION 503

Section 503 provides that before workers are brought into the United States, the Secretary of Labor must determine and certify that (1) sufficient domestic workers who are able, willing, and qualified are not available at the time and place needed to perform the work for which such workers are to be employed, (2) the employment of such workers will not adversely affect the wages and working conditions of domestic agricultural workers similarly employed, and (3) reasonable efforts have been made to attract domestic workers for such employment at wages and standard hours of work comparable to those offered to foreign workers.

It has been represented to the committee that in some instances the determination of the Secretary is made after only superficial inquiry regarding the availability of domestic workers and the wage rates being paid domestic workers. The committee is of course concerned about such reports indicating that the provisions of the act safeguarding domestic workers may not have been properly used in all instances.

To assure that such conditions do not prevail, the committee has included an amendment to section 503. The amendment specifies that the Secretary is to obtain information on the availability of domestic workers and the wage rates paid to them from agricultural employers and farmworkers employed in the area where a shortage of domestic workers is reported to exist. It is not intended that every employer or farmworker in the area shall be interviewed, but only such number as may be necessary to inform the Secretary as to the facts with respect to the availability of farmworkers and the wages paid such workers. It is also understood that the employment service will obtain such information promptly so as not to cause any delay in the process of certification.

After the Secretary has made his determination pursuant to section 503, he shall cause to be posted in appropriate public places the number of workers to be imported, and such other relevant information respecting his certifications as he deems necessary.

It is believed that this amendment specifying the information to be obtained and the persons from whom it is to be obtained will clarify procedures presently used and improve operations under the act.

DEPARTMENTAL VIEWS

In view of the fact that representatives of the Department of Labor, the Department of Agriculture, and the Immigration and Naturalization Service of the Department of Justice testified at the hearing, no formal reports from these Departments were required. All three of the Departments mentioned recommended extension of the act.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

AGRICULTURAL ACT OF 1949

* * * * * * *

TITLE V—AGRICULTURAL WORKERS

SEC. 501. For the purpose of assisting in such production of agricultural commodities and products as the Secretary of Agriculture deems necessary, by supplying agricultural workers from the Republic of Mexico (pursuant to arrangements between the United States and the Republic of Mexico or after every practicable effort has been made by the United States to negotiate and reach agreement on such arrangements), the Secretary of Labor is authorized—

(1) to recruit such workers (including any such workers who have resided in the United States for the preceding five years, or who are temporarily in the United States under legal entry);

(2) to establish and operate reception centers at or near the places of actual entry of such workers into the continental United Stares for the purpose of receiving and housing such workers while arrangements are being made for their employment in, or departure from, the continental United States;

(3) to provide transportation for such workers from recruitment centers outside the continental United States to such reception centers and transportation from such reception centers to such recruitment centers after termination of employment;

(4) to provide such workers with such subsistence, emergency medical care, and burial expenses (not exceeding $150 burial expenses in any one case) as may be or become necessary during transportation authorized by paragraph (3) and while such workers are at reception centers;

(5) to assist such workers and employers in negotiating contracts for agricultural employment (such workers being free to accept or decline agricultural employment with any eligible employer and to choose the type of agricultural employment they desire, and eligible employers being free to offer agricultural employment to any workers of their choice not under contract to other employers);

(6) to guarantee the performance by employers of provisions of such contracts relating to the payment of wages or the furnishing of transportation.

SEC. 502. No workers shall be made available under this title to any employer unless such employer enters into an agreement with the United States—

(1) to indemnify the United States against loss by reason of its guaranty of such employer's contracts;

(2) to reimburse the United States for essential expenses, not including salaries or expenses of regular department or agency personnel, incurred by it for the transportation and subsistence of workers under this title in amounts not to exceed $15 per worker; and

(3) to pay to the United States, in any case in which a worker is not returned to the reception center in accordance with the contract entered into under section 501 (5), an amount determined by the Secretary of Labor to be equivalent to the normal cost to the employer of returning other workers from the place of employment to such reception center, less any portion thereof required to be paid by other employers: *Provided, however, That if the employer can establish to the satisfaction of the Secretary of Labor that the employer has provided or paid to the worker the cost of return transportation and subsistence from the place of employment to the appropriate reception center, the Secretary under such regulations as he may prescribe may relieve the employer of his obligation to the United States under this subsection.*

SEC. 503. No worker recruited under this title shall be available for employment in any area unless the Secretary of Labor has determined and certified that (1) sufficient domestic workers who are able, willing, and qualified are not available at the time and place needed to perform the work for which such workers are to be employed, (2) the employment of such workers will not adversely affect the wages and working conditions of domestic agricultural workers similarly employed, and (3) reasonable efforts have been made to attract domestic workers for such employment at wages and standard hours of work comparable to those offered to foreign workers. *In carrying out the provisions of (1) and (2) of this section, provision shall be made for consultation with agricultural employers and workers for the purpose of obtaining facts relevant to the supply of domestic farmworkers and the wages paid such workers engaged in similar employment. Information with respect to certifications under (1) and (2) shall be posted in the appropriate local public employment offices and such other public places as the Secretary may require.*

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SEC. 504. Workers recruited under this title who are not citizens of the United States shall be admitted to the United States subject to the immigration laws (or if already in, for not less than the preceding five years or by virtue of legal entry, and otherwise eligible for admission to, the United States may, pursuant to arrangements between the United States and the Republic of Mexico, be permitted to remain therein) for such time and under such conditions as may be specified by the Attorney General but, notwithstanding any other provision of law or regulation, no penalty bond shall be required which imposes liability upon any person for the failure of any such worker to depart from the United States upon termination of employment: *Provided*, That no workers shall be made available under this title to, nor shall any workers made available under this title be permitted to remain in the employ of, any employer who has in his employ any Mexican alien when such employer knows or has reasonable grounds to believe or suspect or by reasonable inquiry could have ascertained that such Mexican alien is not lawfully within the United States.

SEC. 505. (a) Section 210 (a) (1) of the Social Security Act, as amended, is amended by adding at the end thereof a new subparagraph as follows:

"(C) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended."

(b) Section 1426 (b) (1) of the Internal Revenue Code, as amended, is amended by adding at the end thereof a new subparagraph as follows:

"(C) Service performed by foreign agricultural workers under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended."

(c) Workers recruited under the provisions of this title shall not be subject to the head tax levied under section 2 of the Immigration Act of 1917 (8 U. S. C., sec. 132).

SEC. 506. For the purposes of this title, the Secretary of Labor is authorized—

(1) to enter into agreements with Federal and State agencies; to utilize (pursuant to such agreements) the facilities and services of such agencies; and to allocate or transfer funds or otherwise to pay or reimburse such agencies for expenses in connection therewith;

(2) to accept and utilize voluntary and uncompensated services; and

(3) when necessary to supplement the domestic agricultural labor force, to cooperate with the Secretary of State in negotiating and carrying out agreements or arrangements relating to the employment in the United States, subject to the immigration laws, of agricultural workers from the Republic of Mexico.

SEC. 507. For the purposes of this title—

(1) The term "agricultural employment" includes services or activities included within the provisions of section 3 (f) of the Fair Labor Standards Act of 1938, as amended, or section 1426 (h) of the Internal Revenue Code, as amended, horticultural employment, cotton ginning, compressing and storing, crushing of oil seeds, and the packing, canning, freezing, drying, or other processing of perishable or seasonable agricultural products.

(2) The term "employer" shall include an association, or other group, of employers, but only if (A) those of its members for whom workers are being obtained are bound, in the event of its default, to carry out the obligations undertaken by it pursuant to section 502, or (B) the Secretary determines that such individual liability is not necessary to assure performance of such obligations.

SEC. 508. Nothing in this Act shall be construed as limiting the authority of the Attorney General, pursuant to the general immigration laws, to permit the importation of aliens of any nationality for agricultural employment as defined in section 507, or to permit any such alien who entered the United States legally to remain for the purpose of engaging in such agricultural employment under such conditions and for such time as he, the Attorney General, shall specify.

SEC. 509. No workers will be made available under this title for employment after [December 31, 1955] *June 30, 1957*.

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Calendar No. 1059

84TH CONGRESS, 1st Session | SENATE | REPORT No. 1046

FARM ACREAGE HISTORY FOR BURLEY TOBACCO ALLOTMENTS

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, with an amendment, and ordered to be printed

Mr. CLEMENTS, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany S. 2295]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2295) to amend section 313 of the Agricultural Adjustment Act of 1938, with respect to tobacco allotments, having considered the same, report thereon with a recommendation that it do pass with an amendment.

This bill would prevent the burley tobacco acreage allotment for 1956, 1957, or 1958 for any farm not retired from agricultural production from being reduced by reason of the underplanting of any previous allotment, if at least 50 percent of the farm's allotment in any 1 of the 5 years preceding the year for which the allotment is being determined was harvested. If the farm has harvested less than 50 percent of its allotment in each of such 5 years, its allotment would not be reduced for that reason to less than the highest acreage harvested in any 1 of such years. The purpose of the bill is to discourage the production of burley tobacco, which is already in oversupply, for the purpose of retaining allotments. The bill and the current regulation on this matter are explained in the attached letter from the Department of Agriculture.

The committee amendment would designate the subsection added to section 313 of the Agricultural Adjustment Act of 1938 by the bill as subsection (j).

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DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., July 19, 1955.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your letter of June 23, 1955, requesting the Department's views on S. 2295, a bill to amend section 313 of the Agricultural Adjustment Act of 1938, with respect to tobacco allotments.

The Department recommends that the bill be passed.

The bill is applicable only to burley tobacco during the next 3 years. The surplus burley tobacco situation led to the enactment of Public Law 21, 84th Congress, under which the 1955 burley national marketing quota and State and farm acreage allotments were reduced. S. 2295 provides that for the next 3 years (1956–58) the burley tobacco acreage allotment for a farm (other than a farm retired from agricultural production) would not be reduced because of underplanting if as much as 50 percent of the farm-acreage allotment was harvested in any 1 of the preceding 5 years. If less than 50 percent of the allotment was harvested in each of the preceding 5 years, the allotment would not be reduced for such reason to less than the largest acreage harvested in any year in such 5-year period.

Under present regulations of the Department, the acreage allotment for a farm is not reduced because of underplanting if the acreage of tobacco harvested on the farm during any 1 of 3 consecutive years is as much as 75 percent of the farm-acreage allotment.

In carrying out the provisions of S. 2295 no additional funds would be required.

In view of Mr. Mouser's telephone request of July 18 that these reports be submitted immediately, we have not obtained advice from the Bureau of the Budget as to the relationship of this proposed legislation to the program of the President.

Sincerely,

(Signed) EARL L. BUTZ,
Acting Secretary.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

* * * * * * *

SEC. 313. * * *

(j) In establishing farm acreage allotments for burley tobacco crops for the years 1956, 1957, and 1958 the acreage allotment for any farm which has not been retired from agricultural production shall not be reduced below the acreage allotment which would otherwise be established because the harvested acreage was less than the allotted acreage unless the acreage harvested was less than 50 per centum of the allotted acreage in each of the preceding five years, in which event it shall not be reduced for such reason to less than the largest acreage harvested in any year in such five-year period.

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Calendar No. 1060

84TH CONGRESS, 1st Session } SENATE { REPORT No. 1047

EXPORT SALES OF CCC COMMODITIES

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, without amendment, and ordered to be printed

Mr. EASTLAND, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany S. 2170]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 2170) to permit sale of Commodity Credit Corporation stocks of basic and storable nonbasic agricultural commodities without restriction where similar commodities are exported in raw or processed form, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would amend section 407 of the Agricultural Act of 1949 to include as "sales for export" sales made on condition that like commodities of comparable value or quantity be exported in raw or processed form. Inclusion of such sales as "sales for export" would free them from the formula price restrictions of section 407. Commodities could thus be sold at the Commodity Credit Corporation's export sales price to exporters who might then export similar commodities of a quality desired by the foreign purchaser. Likewise, sales could be made at the export sales price to mills which might then export a like quantity of finished products. It is the purpose of the bill to facilitate export sales and give our domestic processors equal treatment with foreign processors, without affecting the protection given the domestic market by the pricing formula of section 407.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., July 14, 1955.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request for a report on S. 2170, a bill to permit sale of Commodity Credit Corporation stocks of basic and storable nonbasic agricultural commodities without restriction where similar commodities are exported in raw or processed form.

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The Department recommends that S. 2170 be enacted.

S. 2170 would amend section 407 of the Agricultural Act of 1949, as amended. It provides that, for purposes of section 407, sales for export may include not only sales made on condition that the identical commodity sold be exported, but also include sales made on condition that commodities of the same kind and of comparable value or quantity be exported, either in raw or processed form.

The provisions of S. 2170 would facilitate the export sales operations of the Department and would be of assistance in the disposition of our surpluses abroad. Experience has shown that those grades or qualities of commodities frequently most desired by our foreign customers are not always those which the Department has in inventory. The provisions of S. 2170 would expressly authorize the substitution by the private trade of those grades or qualities which are desired.

Use of such authority would, of course, be discretionary with the Secretary, and the Secretary would be free to require, as appears appropriate for any commodity, the export of the identical commodity, or the export of the same kind of commodity either on the basis of comparable value, or of comparable quantity.

In view of Mr. Kendall's telephone request of July 13 that this report be submitted immediately, we have not obtained advice from the Bureau of the Budget as to the relationship of this proposed legislation to the program of the President.

Sincerely yours,

J. A. McCONNELL,
Assistant Secretary.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

AGRICULTURAL ACT OF 1949, AS AMENDED

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SEC. 407. The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. In determining sales policies for basic agricultural commodities or storable nonbasic commodities, the Corporation should give consideration to the establishing of such policies with respect to prices, terms, and conditions as it determines will not discourage or deter manufacturers, processors, and dealers from acquiring and carrying normal inventories of the commodity of the current crop. The Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 5 per centum above the current support price for such commodity, plus reasonable carrying charges. The foregoing restrictions shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts and oilseeds for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; (E) sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses. Notwithstanding the foregoing, the Corporation, on such terms and conditions as the Secretary may deem in the public interest, shall make available any farm commodity or product thereof owned or controlled by it for use in relieving distress (1) in any area in the United States declared by the President to be an acute distress area because of unemployment or other economic cause if the President finds that such use will not displace or interfere with normal marketing of agricultural commodities and (2) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under Public Law 875, Eighty-first Congress, as amended (42 U. S. C. 1855). Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making such commodity available beyond the cost of the commodities to the Corporation in store and the handling and transportation costs in making delivery of the commodity to designated agencies at one or more central locations in each

State. Nor shall the foregoing restrictions apply to sales of commodities the disposition of which is desirable in the interest of the effective and efficient conduct of the Corporation's operations because of the small quantities involved, or because of age, location or questionable continued storability, but such sales shall be offset by such purchases of commodities as the Corporation determines are necessary to prevent such sales from substantially impairing any price-support program, but in no event shall the purchase price exceed the then current support price for such commodities. *For the purposes of this section, sales for export shall not only include sales made on condition that the identical commodities sold be exported, but shall also include sales made on condition that commodities of the same kind and of comparable value or quantity be exported, either in raw or processed form.*

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Calendar No. 1061

84TH CONGRESS, 1st Session | SENATE | REPORT No. 1048

RELEASE OF REVERSIONARY RIGHTS

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, without amendment, and ordered to be printed

Mr. JOHNSTON of South Carolina, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany H. R. 4280]

The Committee on Agriculture and Forestry, to whom was referred the bill (H. R. 4280) to direct the Secretary of Agriculture to release on behalf of the United States conditions in two deeds conveying certain submarginal lands to Clemson Agricultural College of South Carolina so as to permit such college, subject to certain conditions, to sell, lease, or otherwise dispose of such lands, having considered the same, report thereon with a recommendation that it do pass without amendment.

H. R. 4280, as passed by the House of Representatives, would release certain reversionary rights in some 27,470 acres conveyed by the Secretary of Agriculture to the Clemson Agricultural College of South Carolina and would substitute therefor certain other conditions to protect the interest of the United States. A companion bill, S. 1064, was introduced in the Senate by Senator Thurmond and Senator Johnston of South Carolina and similar bills were introduced in the House by all Members of that body from South Carolina, so that this bill has the support of the full South Carolina congressional delegation. The report from the Department of Agriculture on S. 1064 recommended that it be amended to conform with H. R. 4280 as passed by the House. The report explaining the legislation is attached hereto as a part of this report. As recommended in the report and passed by the House, the bill provides that the Secretary will release the reversionary rights only if the college will—

1. Use all proceeds from the sale or exchange of such lands for the acquisition of other lands within the project or the development or improvement of the project;

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2. Make any lands acquired pursuant to such sale or exchange a part of the project and subject to the conditions with respect to public use contained in the deeds conveying the land to the college; and

3. Maintain the proceeds from any disposition of lands covered by the agreements in a separate fund, the records of which shall be open to inspection by the Secretary of Agriculture.

Your committee believes that these conditions are adequate in return for the present interest of the United States in these lands.

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., July 15, 1955.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of February 16 for the views of this Department on S. 1064, a bill to direct the Secretary of Agriculture to release on behalf of the United States conditions in two deeds conveying certain submarginal lands to Clemson Agricultural College of South Carolina so as to permit such college, subject to certain conditions, to sell, lease, or otherwise dispose of such lands.

We recommend against enactment of this bill unless amended as suggested below.

S. 1064 would revoke a condition contained in the deeds of December 22, 1954, transferring about 27,470 acres of title III Bankhead-Jones lands to the Clemson Agricultural College. The condition which would be revoked is one which requires the college to continue to use the lands for public purposes, and that, if they cease to be so used, title to the lands reverts to the United States. S. 1064 would permit the sale, lease, or other disposal of these 27,470 acres by the college, provided the proceeds from the sale or other disposition of the lands are utilized for (1) the operation, development, or improvement of the lands not disposed of; (2) the development and advancement of agriculture; or (3) general research. The bill would also provide for certain payments to the United States if the Secretary of Agriculture finds that the proceeds from the sale or other disposition of the lands are used by the college for purposes other than those specified in the bill.

The lands in question are part of some 819,000 acres of title III Bankhead-Jones lands which the Department has had under long-term lease (50 to 99 years) to non-Federal agencies and which are now in process of being donated without consideration to such agencies. There are 72 such areas located in 29 States. The particular tract in question is mostly timbered but has some pasture and orchard land. The present market value is conservatively estimated at something more than a million dollars.

In addition to the long term leased lands which are being donated to the States, it is expected that a substantial number of title III areas may be sold to State agencies at not less than 70 percent of current market value. The deeds to both the donated lands and those sold to the States must contain a requirement for continued public use or reversion to the United States in accordance with section 32 (c) of title III of the act of July 22, 1937, as amended.

The requirement for continued public use by the States was one of the key considerations which influenced this Department to adopt a policy of donating long term leased lands to States and selling certain other title III lands to States at 70 percent of current market value. If S. 1064 were enacted, it would establish a precedent which would be equally applicable not only to the remaining acreage of LU land which is being donated to the States, but also to lands which are subsequently sold to the States at below current market value. If the condition in the Bankhead-Jones Act for continued public use by State agencies were to be revoked, it would seem that the States should pay full market value for the lands which they purchase.

Under the Department's title III policy and under S. 1371 by Senator Ellender, which the Department has recommended to the Congress, certain title III lands would be sold to the States without regard to their suitability for permanent private ownership. These lands were originally acquired by the Government as submarginal lands and their transfer to the State without regard to suitability for private ownership is favored because of the requirement for continued public

use by the State. S. 1064 would establish a precedent for (1) conveying certain lands which may be permanently submarginal to private ownership, contrary to the purposes of the Bankhead-Jones Act; (2) reinitiating the familiar cycle for submarginal lands of depletion followed by Federal purchase and rehabilitation.

However, we would not object if S. 1064 were amended by deleting sections 2 and 3 and adding a new section 2 to read as follows:

"SEC. 2. The Secretary shall release the conditions referred to in section 1 only with respect to lands covered by and described in an agreement or agreements entered into between the Secretary and the college in which the college, in consideration of the release of said conditions as to such lands, agrees—

(1) that all proceeds from the sale or exchange of such lands shall be used by the college for the acquisition of lands within the exterior boundaries of the project or for the development or improvement of lands within the project;

"(2) that any lands acquired by the sale or exchange of the lands covered by such agreement shall become a part of the project established on the lands conveyed by the two deeds referred to in section 1 and shall be subject to the conditions with respect to the use of such lands for public purposes contained in such deeds; and

"(3) that all proceeds from the sale, lease, or other disposition of the lands covered by such agreement shall be maintained by the college in a separate fund and that the record of all transactions involving such fund shall be open to inspection by the Secretary."

The Bureau of the Budget advises that from the standpoint of the program of the President it has no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

The lands covered by H. R. 4280 were conveyed to the college under the provision set out below:

BANKHEAD-JONES FARM TENANT ACT, AS AMENDED

TITLE III—RETIREMENT OF SUBMARGINAL LAND

* * * * * * *

SEC. 32. To effectuate the program provided for in section 31, the Secretary is authorized—

* * * * * * *

(c) To sell, exchange, lease, or otherwise dispose of, with or without a consideration, any property so acquired, under such terms and conditions as he deems will best accomplish the purposes of sections 31–34 of this title, but any sale, exchange, or grant shall be made only to public authorities and agencies and only on condition that the property is used for public purposes: *Provided, however*, That an exchange may be made with private owners and with subdivisions or agencies of State governments in any case where the Secretary of Agriculture finds that such exchange would not conflict with the purposes of this chapter, and that the value of the property received in exchange is substantially equal to that of the property conveyed. The Secretary may recommend to the President other Federal, State, or Territorial agencies to administer such property, together with the conditions of use and administration which will best serve the purposes of a land-conservation and land-utilization program, and the President is authorized to transfer such property to such agencies.

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Calendar No. 1062

84TH CONGRESS, 1st Session } SENATE { REPORT No. 1049

MEAL AND FLOUR FOR RELIEF

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, with amendments, and ordered to be printed

Mr. HOLLAND, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany S. 661]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 661) to authorize the Commodity Credit Corporation to process food commodities for donation under certain acts, having considered the same, report thereon with a recommendation that the bill do pass with amendments.

This bill was introduced by Senator Clements for himself and a number of other Senators to permit the Commodity Credit Corporation to pay the cost of processing food commodities distributed by it under sections 407 and 416 of the Agricultural Act of 1949. Its principal purpose is to permit the distribution of wheat flour and cornmeal to needy families. Since S. 661, as introduced, is somewhat broader than necessary to accomplish this purpose, your committee recommends an amendment in the nature of a substitute, which provides for the use of not more than $15 million of section 32 funds in each of the 2 fiscal years during the period ending June 30, 1957, for the distribution of flour and meal to needy persons. The committee substitute for the text of the bill and the committee amendment to the title of the bill are fully explained in the attached report of the subcommittee which held hearings and considered this bill.

REPORT OF THE SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE AND FORESTRY ON H. R. 2851

Your subcommittee to whom was referred the bill (H. R. 2851) to make agricultural commodities owned by the Commodity Credit Corporation available to persons in need in areas of acute distress, having considered the same report thereon with the recommendation that it pass with an amendment to the text of the bill and an amendment to the title of the bill.

The subcommittee amendment, which is in the nature of a substitute, would strike out all after the enacting clause and insert in lieu thereof the following:

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"That the Secretary of Agriculture is hereby authorized upon specific request of the Governor of any State during the period commencing with the date of this Act and ending June 30, 1957 to make available, pursuant to clause (2) of section 32 of the Act approved August 24, 1935 (7 U. S. C. 612c) for distribution by State agencies other than institutions and schools, directly to families and persons determined by appropriate State or local public welfare agencies to be in need, wheat flour and cornmeal in such quantities as the Secretary of Agriculture determines can be effectively distributed and utilized within such period without regard to the requirement contained in said section 32, that such funds be devoted principally to perishable nonbasic agricultural commodities and their products, but not more than $15,000,000 of such funds shall be devoted in any fiscal year to carrying out this Act. Such flour and meal shall be made available by the Secretary upon such conditions as he deems to be in the public interest, to such State agency or agencies as may be designated by the proper State authority and approved by the Secretary, and at one or more central locations in such State."

The subcommittee held hearings on S. 661, a bill similar in purpose to H. R. 2851, and those hearings are available in printed form. The testimony showed extensive unemployment in the coal-mining areas and a great need in those areas for flour and meal, as well as for the commodities now being distributed by the Department of Agriculture under section 416 of the Agricultural Act of 1949. Neither flour nor meal can be distributed under that section or under section 407 of that act because those sections do not permit the Commodity Credit Corporation to pay the cost of processing the corn and wheat held by it into meal and flour.

The Department of Agriculture did not favor the bill as a surplus disposal operation, stating that the distribution provided for by it would be more in the nature of a relief program, which was not within their province. The subcommittee felt that the program was well justified as a relief program, and should be undertaken on that basis for a trial period.

H. R. 2851 had been reported by the House Committee on Agriculture just prior to the subcommittee's hearing and was discussed by some of the witnesses. Witnesses for both the Department of Health, Education, and Welfare and the Department of Agriculture expressed opposition to H. R. 2851 on the ground that it would provide for two different systems of distributing agricultural commodities for relief purposes, and create administrative difficulties. The Department of Agriculture is now distributing surplus agricultural commodities and has developed a distribution system for that purpose which should be equally effective for the distribution of meal and flour. The subcommittee felt that the existing system should be used to distribute these additional commodities and that there is no need to bring an additional agency into its administration. In addition the subcommittee has been advised that the criteria in section 2 of H. R. 2851, as passed by the House, with respect to labor shortage and disaster areas, might prevent assistance being rendered under the bill in the small coal-mining towns and other areas which are in such great need.

The subcommittee substitute provides for the use of not more than $15 million of section 32 funds (7 U. S. C. 612c) in any fiscal year for the distribution of cornmeal and wheat flour to needy persons during the period ending June 30, 1957. Distribution in any State would be made upon request of the Governor and would be made through State agencies, other than institutions and schools.

The use of section 32 funds under the bill would be exempt from the requirement of that section that such funds be devoted principally to perishable nonbasic agricultural commodities. Out of $448,860,295 available under section 32 for the fiscal year ending June 30, 1955, it is estimated that only $38,205,815 was expended, leaving $300 million to be carried over for use in fiscal 1956 (in addition to the amount appropriated for 1956) and $110,654,480 to be covered into the Treasury as miscellaneous receipts. Of the amount expended in 1955 it is estimated that 51.8 percent was devoted to perishables not entitled to mandatory price support. The use of $15 million a year for the purposes of the bill during the period ending June 30, 1957, in addition to the other amounts which might be spent for nonperishables during that period, therefore would not interfere with requirements for the use of section 32 funds for perishable commodities.

The subcommittee recommends that the title be amended so as to read: "An Act to make cornmeal and wheat flour available to needy persons." This would make it conform to the subcommittee's substitute for the text of the bill.

The report of the Department of Agriculture on S. 661 and the provisions of section 32 of the act of August 24, 1935, are set out below.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington 25, D. C., March 29, 1955.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR SENATOR ELLENDER: This is in reply to your request for a report on S. 661, a bill to authorize the Commodity Credit Corporation to process food commodities for donation under certain acts.

The Department does not favor passage of S. 661.

S. 661 would authorize the Commodity Credit Corporation to pay the cost of processing food commodities into a form suitable for home or institutional use in connection with donations to domestic recipients of price support commodities made under the authority of sections 407 and 416 of the Agricultural Act of 1949. By providing authority to pay processing costs, S. 661 would permit the donation of wheat and corn, in the form of flour and meal, respectively, to eligible domestic recipients.

The domestic distribution of wheat flour and cornmeal cannot be justified on the basis of the need for surplus disposal operations. Such distribution would be more in the nature of a welfare or a relief program, which is not a direct responsibility of this Department.

Wheat and corn are storable commodities and, with stock rotation, there presently is not a danger of substantial loss or waste of CCC-owned stocks. From the standpoint of inventory management, particularly since stocks of wheat and corn can be considered a reserve for strategic purposes, the Department's first responsibility is to secure all possible sales.

Moreover, as a possible surplus disposal operation, the domestic distribution of wheat flour and cornmeal would have limited impact. The amounts so moved would be small in relation to the size of present holdings. The additional costs to CCC (including administrative costs) would outweigh any probable increase in domestic consumption of wheat and corn or any possible net reduction in the level of Government stocks.

Because of the widespread use of cereal products, we also believe that it would be difficult to avoid significant interference with normal marketings of wheat flour and cornmeal, particularly in the case of schools and institutions. Even among needy persons and families, because of their relatively high consumption of cereal products, we would anticipate that a donation program would result in only a small overall increase in the use of cereal products.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

SECTION 32 OF THE ACT OF AUGUST 24, 1935

SEC. 32. There is hereby appropriated for each fiscal year beginning with the fiscal year ending June 30, 1936, an amount equal to 30 per centum of the gross receipts from duties collected under the customs laws during the period January 1 to December 31, both inclusive, preceding the beginning of each such fiscal year. Such sums shall be maintained in a separate fund and shall be used by the Secretary of Agriculture only to (1) encourage the exportation of agricultural commodities and products thereof by the payment of benefits in connection with the exportation thereof or of indemnities for losses incurred in connection with the production of that part of any agricultural commodity required for domestic consumption; (2) encourage the domestic consumption of such commodities or products by diverting them, by the payment of benefits or indemnities or by other means, from the normal channels of trade and commerce or by increasing their utilization through benefits, indemnities, donations or by other means, among persons in low-income groups as determined by the Secretary of Agriculture; and (3) reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption. Determinations by the Secretary as to what constitutes diversion and what constitutes normal channels of trade and commerce and what constitutes normal production for domestic consumption shall be final.

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The sums appropriated under this section shall be expended for such one or more of the above-specified purposes, and at such times, in such manner, and in such amounts as the Secretary of Agriculture finds will effectuate substantial accomplishment of any one or more of the purposes of this section. Notwithstanding any other provision of this section, the amount that may be devoted, during any fiscal year after June 30, 1939, to any one agricultural commodity or the products thereof in such fiscal year, shall not exceed 25 per centum of the funds available under this section for such fiscal year. The sums appropriated under this section shall be devoted principally to perishable nonbasic agricultural commodities (other than those receiving price support under title II of the Agricultural Act of 1949) and their products. The sums appropriated under this section shall, notwithstanding the provisions any other law, continue to remain available for the purposes of this section until expended, but any excess of the amount remaining unexpended at the end of any fiscal year over $300,000,000 shall, in the same manner as though it had been appropriated for the service of such fiscal year, be subject to the provisions of section 3690 of the Revised Statutes (U. S. C., title 31, sec. 712), and section 5 of the Act entitled "An Act making appropriations for the legislative, executive, and judicial expenses of the Government for the year ending June thirtieth, eighteen hundred and seventy-five and for other purpose" (U. S. C., title 31, sec. 713) (7 U. S. C. 612 (c)).

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Calendar No. 1063

84TH CONGRESS, 1st Session | SENATE | REPORT No. 1050

FOREIGN CLAIMS SETTLEMENT COMMISSION

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

ON

H. R. 6382

A BILL TO AMEND THE INTERNATIONAL CLAIMS SETTLEMENT ACT OF 1949, AS AMENDED, AND FOR OTHER PURPOSES

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, with amendments, and ordered to be printed

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Calendar No. 1063

84TH CONGRESS, 1st Session | SENATE | REPORT No. 1050

FOREIGN CLAIMS SETTLEMENT COMMISSION

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, with amendments, and ordered to be printed

Mr. GREEN, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany H. R. 6382]

The Committee on Foreign Relations, having had under consideration H. R. 6382, amending the International Claims Settlement Act of 1949, as amended, to provide for the settlement of certain claims of nationals of the United States against Bulgaria, Hungary, Rumania, Italy, and the Soviet Union, report the same to the Senate with a number of amendments and recommend that it do pass.

1. MAIN PURPOSE OF THE BILL

The purpose of the present bill is to establish a claims program for the benefit of American nationals whereby they may obtain at least partial compensation for (1) war damage, nationalization, and prewar governmental debt (bond) claims, against the Governments of Bulgaria, Hungary, and Rumania; (2) claims against the Government of Italy arising out of the war and not otherwise provided for in the Italian peace treaty; and (3) claims against Russian nationals secured by liens on certain assets prior to the Litvinov Assignment, and other claims arising prior to November 16, 1933, against the Soviet Government. To that end the bill authorizes the vesting and liquidation of currently blocked assets of the Governments of Bulgaria, Hungary, and Rumania and of their nationals other than natural persons. Approximately $27 million will be realized from this source. Claims against the Soviet and Italian Governments would be satisfied out of two additional funds consisting, respectively, of approximately $9 million in assets transferred to the United States under the Litvinov Assignment, and of $5 million made available to this country pursuant to an exchange of notes known as the Lombardo Agreement.

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Under this bill, the entire program would be administered by the Foreign Claims Settlement Commission which succeeded to the functions of the International Claims Commission and the War Claims Commission under Reorganization Plan No. 1 of July 1, 1954. This is accomplished by amending the International Claims Settlement Act of 1949, as amended, so as to authorize the Foreign Claims Settlement Commission to adjudicate the various classes of claims described above, and to certify its awards to the Secretary of the Treasury for payment in accordance with the procedure established in the bill. Neither the amounts paid in satisfaction of the claims, nor any expenses incurred in administration of the program would be derived from general appropriations. All awards will be payable exclusively from assets of the countries referred to which are or will become available to the United States for the settlement of these claims. In other words, the funds do not come from the pockets of the taxpayer.

2. BACKGROUND OF THE BILL

In the peace treaties of September 15, 1947, the Governments of Bulgaria, Hungary, and Rumania undertook to restore American-owned property in their respective countries or else provide compensation to the extent of two-thirds of the war damage suffered by it. These undertakings have not been honored. Nor have American owners been compensated for property which was nationalized or otherwise taken subsequent to the date of the treaties. Other obligations to American nationals likewise remain unsatisfied. Under the terms of the peace treaties (art. 29 of the treaty with Hungary is typical), it was provided that assets in the United States belonging to the three governments or their nationals might be seized and liquidated, and the proceeds used for such purposes as the United States might desire—

> within the limits of its claims and those of its nationals, including debts, other than claims fully satisfied under other Articles of the present Treaty.

Similarly, the Government of Italy, in article 78 of the 1947 peace treaty with that country, undertook to compensate, in Italian currency, those United States nationals who had sustained war damage to their property in Italy. The scope of this provision is limited to those claims which arose within Italian territory, and does not extend to claims arising on the high seas and other types of damage. Treaty claims are being handled by a conciliation commission established under article 83 of the peace treaty. During negotiations for the release and return of Italian assets which had been blocked in this country, the Italian Government turned over to the United States the sum of $5 million—

> to be utilized * * * in application of the claims of United States Nationals arising out of the war with Italy and not otherwise provided for.

The remaining general source of the funds involved in the present bill consists of assets released and assigned to the United States pursuant to the agreement of November 16, 1933, between President Franklin D. Roosevelt and Maxim Litvinov under which recognition was extended to the Soviet Union. Although the assignment stated that it was preparatory to a final settlement of outstanding claims and counterclaims between the two Governments, further efforts to

obtain such an overall settlement have not been successful. The assigned assets, amounting to about $9 million, have been collected and are deposited in a special account in the Treasury.

These are the funds which are available to claimants against the five governments. Of $34 million in vested and blocked assets of Bulgaria, Hungary, and Rumania, $27 million are either government- or corporate-owned, and will be disposed of under the bill. The balance, belonging to private individuals, is to remain blocked pending future study of the disposition to be made of it. Because there is at present no other way for American owners to obtain recompense for their losses except against the assets made available in this bill, the administration has decided that the claims of American citizens should be met by utilization of the funds referred to.

3. COMMITTEE ACTION

H. R. 6382 was introduced in the House of Representatives by Hon. James P. Richards, the chairman of the House Committee on Foreign Affairs, on May 19, 1955, and passed the House on June 23, 1955. Hearings before the Committee on Foreign Relations began on July 8, 1955, with testimony by administration witnesses, including Assistant Secretary of State Thruston B. Morton, Chairman Whitney Gillilland of the Foreign Claims Settlement Commission, and Commissioner Henry J. Clay. Mr. Sidney Gross of the Office of Alien Property, Department of Justice, addressed himself to title II of the bill, relative to the vesting and liquidation of property of the satellite governments. Three Members of Congress, Hon. Alvin M. Bentley, Hon. Eugene J. Keogh, and Hon. Abraham J. Multer, were also heard. Public hearings were concluded on July 14, 1955, with testimony from 16 private witnesses.

The committee, after approving certain changes in the bill, voted, without objection, to report it favorably to the Senate on July 19, 1955.

4. SUMMARY OF PROVISIONS

(a) Vesting and liquidation of assets (title II)

Sections 201–215 of the bill authorize the vesting of assets in the United States owned by Bulgaria, Hungary, and Rumania and their nationals other than natural persons. The assets proposed for vesting are among those still blocked under Executive Order 8389 of April 10, 1940, as amended, pursuant to which World War II blocking controls were administered. Any proceeds from the liquidation of such vested assets would be transferred to special funds in the Treasury dedicated to the payment of compensation to qualifying American claimants against the governments of the three countries referred to. A limited amount of assets belonging to natural persons and vested during World War II would be divested and retained in special blocked accounts along with the still blocked assets of natural persons of Bulgarian, Hungarian, and Rumanian nationality.

This portion of the bill is modeled substantially after the pertinent provisions of the Trading With the Enemy Act, as amended (50 U. S. C., App. 1 et seq.). Sections 201–203 set forth the features of the vesting program described above and the procedure for implementing it. A determination by the administering agency that

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property is not owned by natural persons is final, and not subject to judicial review. Compliance with vesting orders concerning securities would be obtained by requiring the issuing company to issue new certificates or other documents to the administering agency (sec. 203). The recording of a vesting order is given the same effect for purposes of notice to interested parties as the recording of a conveyance or an assignment (sec. 204). Persons effecting any payment, conveyance, or delivery of property pursuant to orders of the administering agency are relieved of any liability therefor (sec. 205). Provision is also made for judicial enforcement of orders by the agency (sec. 206). Any complainant alleging he is not a national of Bulgaria, Hungary, and Rumania has the choice of a judicial remedy, or an administrative remedy with judicial review by the United States Circuit Court of Appeals; but he must elect between the two procedures.

Under section 208, the administering agency is directed to apply property vested under section 202 to the payment of debt claims of Americans against the prevesting owners. The claim of a creditor can be paid only from the vested property of his particular debtor. Debt claims against the three governments, as well as debt claims payable in non-American currency under this section, are barred. The net effect of the provision would be to permit the payment of any debts of prevesting owners prior to the application of such owners' property to payment of awards by the Foreign Claims Settlement Commission against the governments of these owners. Disallowance of any such debt claims is subject to judicial review.

Section 209 empowers the administering authority to hold hearings, prescribe rules governing the disposition of claims, and issue subpenas, administer oaths, and examine witnesses. A 1-year statute of limitations is provided for filing suits and claims for return of vested property (sec. 210). As in other portions of the bill, a 10 percent ceiling is established on attorneys' fees in suits or claims for return of property (sec. 211). Under section 212, Federal, State, and local taxes otherwise payable are not rendered inapplicable by vesting, and the administering agency is authorized to pay such taxes. The amount of any administrative expenses incurred by the agency in connection with particular assets may be deducted prior to their transfer to the Treasury (sec. 213). Postvesting liens, attachments, and the like against vested assets or the proceeds thereof are prohibited except as specifically authorized (sec. 214), and criminal penalties are established for violations of the provisions of title II of the bill (sec. 215).

(*b*) *Claims against Bulgaria, Hungary, Rumania, Italy, and the Soviet Union (title III)*

Section 301 contains definitions of the terms used in title III. Thus, for example, "Treaty of Peace" refers to the treaty between the United States and a former enemy state which came into force on September 15, 1947. "Memorandum of Understanding" means the Lombardo Agreement with Italy. The term "national of the United States" for the purposes of the bill includes (*a*) a natural person who is a citizen of or owes permanent allegiance to the United States, and (*b*) a corporation organized under the laws of the United States of which more than 50 percent of the stock is owned by American nationals who are natural persons.

Under section 302, five separate funds are created in the Treasury for claims against the five governments, from the sources already indicated in this report. (See sec. 2 above.) It is provided that the Secretary of the Treasury shall deduct from each claims fund 5 percent thereof as reimbursement to the Government of the United States for expenses incurred by the Commission and the Treasury in administering this title of the bill. Such deduction will be made before any sums are paid out to claimants. The funds created remain completely independent of each other and are not pooled for application to the five categories of claims as a whole. Claims against each government must be satisfied out of the assets pertaining to that government.

Section 303 directs the Commission to receive and determine—

> in accordance with applicable substantive law, including international law, the validity and amounts of claims of nationals of the United States against the Governments of Bulgaria, Hungary, and Rumania—

in three classes of cases. The first involves war damage claims which the governments in question had undertaken to satisfy in the treaties of peace (par. 1). The second group consists of claims for nationalization, compulsory liquidation, or "other taking," prior to September 15, 1947 (the date of the treaties of peace), of property of American nationals in Bulgaria, Hungary, and Rumania (par. 2). The third group relates to—

> obligations arising out of contracts which existed on, or out of other rights which were acquired by nationals of the United States prior to, April 24, 1941, in the case of Bulgaria, and on or prior to September 1, 1939, in the case of Hungary and Rumania, and which became payable prior to September 15, 1947.

War damage claims include claims for the physical loss or destruction of identifiable property resulting from war operations in the particular country against which the claim is filed. Nationalization or other expropriation claims cover the taking of American-owned property by any of these countries for which compensation has not been made. The phrase "other taking" in paragraph 2 of this section would also appear to include takings of American-owned property in the satellite countries by occupation authorities, which property was subsequently acquired and is presently held by the satellite governments. The precise means by which they attained control over such property would seem to be immaterial. Prewar governmental debt claims contemplate those claims based upon the failure of any of these governments to meet their bond obligations or other debts.

Section 304 deals with claims against the Government of Italy arising out of the war in which Italy was engaged from June 10, 1940, to September 15, 1947, and for which no provision was made in the peace treaty. These claims would be satisfied out of funds transferred to the United States under the Lombardo Agreement already referred to.

Russian claims are disposed of in section 305. They include two general classes: (1) Claims founded upon liens which had been obtained prior to November 16, 1936, by United States nationals, arising out of a judgment or warrant of attachment against property in the United States subsequently taken over by the Government under the Litvinov Assignment; and (2) claims of nationals of the United States against the Soviet Union arising prior to November 16, 1933, the date of the assignment. Awards in the first class may not exceed

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the proceeds of the property subjected to the lien. If the proceeds are less than the aggregate amount of all valid claims related to the same property, the award may not be greater than the proportionate amount of each such claim with respect to the total proceeds. By virtue of section 310 (a), such awards must be paid by the Secretary of the Treasury in full, in contrast with the pro rata treatment given to all other claims. This preferential treatment is justified by the following considerations: A number of nationals of the United States, having pursued their claims against Russian nationals in United States courts, or in State courts, obtained liens against specific assets, and to that extent acquired a property interest therein. These assets then became the subject of the Litvinov Assignment and were transferred to the Federal Government. Lien-claimants, it was felt, were entitled to a priority in the payment of their claims over other claims against the Soviet Government which had not attained a comparable legal status. It is also provided (sec. 305 (b)) that any valid judgment entered by a court in the United States shall be binding upon the Commission in its determination, under this section of the bill, of any issue decided by the court which entered judgment. Finally, the Commission is directed to give preference, in its procedure and deliberations, to the disposition of this group of claims over other claims presented to it.

(c) *Procedural provisions*

Sections 306–310 deal with Commission procedure relative to the filing of claims and certification of awards. Section 306 requires the Commission to publish in the Federal Register the time when and the limit of time within which claims may be filed; but in no event may such filing period exceed 1 year after the date of publication, except that Russian claims must be filed within a period of 6 months of the date of notice. The notice to the public must be published within 60 days after enactment of the bill or enactment of appropriations legislation for administrative expenses, whichever is later.

Section 310 sets forth a number of directions to the Secretary of Treasury concerning the payment of awards and the manner in which this is to be done. This portion of the bill is frankly designed to benefit the holders of small claims of $1,000 or less. These claimants would be paid in full, immediately. For claims in excess of $1,000 (except for the preferential treatment given certain Russian claimants, as already noted in sec. 4 b), the claimant would be given $1,000 as a down-payment. The balance of his award would be paid from time to time in ratable proportions after the Treasury had determined how much money remained in the fund. After payment had been made in full of the principal amounts of all awards from any one fund, pro rata payments would be made from the remainder of such fund then available for distribution on account of accrued interest on such awards as bear interest.

Section 313 specifically declares that no payment for less than the full amount of a claim determined to be valid by the Commission shall have the effect of extinguishing the claim, or of divesting either the claimant or the United States Government of any rights against the particular foreign government for the unpaid balance of the claim or for restitution of the claimant's property. It is further provided, somewhat superfluously, that awards made under the bill shall not

prejudice claims of the United States against any foreign government.

The action of the Commission in allowing or disallowing a claim under title III of the bill is final and conclusive and not subject to administrative or judicial review (sec. 314).

(*d*) *Miscellaneous provisions*

Under section 316, the Commission must complete its affairs in connection with the settlement of claims within the period of 4 years from the enactment of the bill, except for so-called judgment claims against Russian nationals, which are required to be disposed of within 2 years. Section 317 limits the fees of attorneys "for services rendered * * * in connection with any claim filed with the Commission" to a maximum of 10 percent of the amount paid on account of the claim, any agreement to the contrary notwithstanding. Criminal penalties are provided for violations of this provision. However, the bill authorizes the Commission, under circumstances of unusual hardship, to order as remuneration an amount in excess of the 10 percent limit. Petitions to the Commission for relief in such cases must be filed within 3 months after the Commission has completed its functions in respect of all claims payable from the fund to which the particular award pertains. Section 315 authorizes the appropriation of such sums as may be necessary to enable the Commission and the Treasury Department to pay administrative expenses incurred in carrying out the provisions of the bill.

Finally, it is provided that no award under title III shall be made for any person who—

> voluntarily, knowingly, and without duress, gave aid to or collaborated with or in any manner served any government hostile to the United States during World War II, or who has been convicted of * * * any * * * crime involving disloyalty to the United States (sec. 312).

5. CORPORATE CLAIMS: STOCKHOLDER ELIGIBILITY

It has been pointed out in this report that for a United States corporation to qualify as an American national in presenting a claim to the Commission, more than 50 percent of its stock must be owned by natural persons who are nationals of the United States (sec. 301). Section 311 specifies the conditions which must be met by a stockholder in asserting a claim for damage sustained by a corporation which was not an American national at the time of loss. In its original draft form, the bill stated that in such cases the claim should be acted upon without regard to the nationality of the company, if at the time of the loss at least 25 percent of the outstanding capital or other beneficial interest in such entity was owned, directly or indirectly, by natural persons who were nationals of the United States. The phraseology reflects the traditional practice of the United States in requiring a showing of a "substantial" interest in a foreign corporation, before it will espouse an international claim. Its primary purpose, however, was to eliminate claims based upon a holding of 1 or 2 shares, which would hardly justify the expense and effort of processing.

This provision was amended on the floor of the House of Representatives to include as eligible claimants the same class of claimants as "would be eligible to file claims" for war damage against the satellite governments under section 303 (1). The quoted phrase would

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produce some curious results in the bill. Under section 303, the only persons eligible to *file* claims are American nationals. On the other hand, the Commission, under section 303 (1), may not *deny* claims on the sole ground that a claimant was not a national, if he meets the conditions set forth therein. The effect of the House amendment, therefore, is to declare that a claimant may only file a claim under this provision if 25 percent of the stock interest is owned by nationals of the United States or "nationals of the United States." The obvious purpose of the amendment was to permit a person to qualify as a claimant in cases of corporate loss, if he could show that 25 percent of the stock was held either by American nationals, or by persons who are not nationals but who (1) declared their intention to become a citizen at the date of the armistice; (2) resided permanently in the United States between that date and the date of the treaty of peace; and (3) became a citizen of the United States by September 15, 1947. The provision was opposed by the administration, in the words of Commissioner Gillilland, on the ground that—

> these eligibility requirements would present complicated, involved, and expensive problems of establishing entitlement to compensation. They have all the earmarks of special legislation and we do not believe they ought to be in the bill.

The committee notes that the amendment here in question constitutes a departure from the standard method of handling claims of American stockholders in foreign corporations. As already mentioned, the test usually applied has been that of a "substantial" American interest, and the claim must have been national in origin as well as on the date of presentation. The House amendment puts the United States in the position of supporting stock claims where there may have been no American interest at all on the date of loss. For these reasons, the committee recommends that section 311 (b) of the bill be amended by deleting the words "or, such natural persons who would be eligible to file claims under section 303 (1)." This change signifies that a stockholder claimant in a foreign corporation would not be eligible under the bill unless 25 percent of the corporate stock was owned by American nationals at the time of loss.

6. ELIGIBLE CLASSES OF CLAIMANTS

The general principle controlling the eligibility of a natural person to file a claim against another government is the familiar rule of international law that such a claim must be continuously owned by a national of the claimant State from the time the claim arose until the date of its presentation. This principle is followed in the bill as it passed the House with respect to the Russian and Italian claims, as well as for claims based upon nationalization and compulsory liquidation of property in the territory of Bulgaria, Hungary, and Rumania. It is not followed with respect to war damage claims or claims of American stockholders in foreign owned corporations. (See sec. 5 above.) Thus, the bill as approved by the House does not contain a uniform standard of eligibility, and consequently discriminates in principle between various categories of claimants.

In the draft bill originally submitted by the administration to the House Committee on Foreign Affairs, the same principle was applied to claims based upon war damage in those three countries. As reported by that committee, however, and passed by the House, the principle was abandoned for such claims. Instead, section 303 declares that the claimant need not have been an American citizen when the loss was suffered, provided that he was (*a*) a person who had declared his intention to become an American citizen at the time of the armistice, (*b*) had become a citizen by September 15, 1947 (the date of the peace treaty), and (*c*) resided in the United States permanently from the date of the armistice to the date of the peace treaty.

The committee has carefully considered the arguments advanced in support of the proposed extension of eligibility which, if adopted, would mark the first time in the claims history of the United States that a declaration of intention was equated with citizenship. After weighing all pertinent factors, the committee has concluded that such a precedent is not desirable. While sympathetic to the plight of those unfortunate individuals who were not American citizens when they sustained war losses, the committee has had to keep uppermost in view the interest of those individuals who did possess American nationality at the time of loss. It is these persons who have a paramount claim to any funds which may be available. Even without the addition of the class here questioned, the funds will be insufficient to meet the claims of otherwise qualified claimants, except possibly in the case of the Bulgarian and Italian assets. The accompanying table shows the approximate number of claimants, the estimated amounts of claims to be filed, and the funds available for the payment of such claims by countries.

Estimated number of claims, amounts, and funds available

Country	Estimated number of claimants	Estimated total of claims to be filed	Funds available to pay claims
Bulgaria	[1] 4,000	+$125,000,000	$3,000,000
Hungary			6,000,000
Rumania			25,000,000
Italy	1,000–1,500	+5,000,000	5,000,000
Russia	3,000–3,500	425,000,000	9,000,000
Total funds			48,000,000
Less assets owned by natural persons			7,000,000
Net total available for payment of claims			41,000,000

[1] It is estimated that approximately ½ of these claims are for losses arising prior to Sept. 15, 1947.

Approximately one-half of the claims against Bulgaria, Hungary, and Rumania are expected to be for losses arising prior to the date of the peace treaties, a total of 2,000 claims comprising over $60 million. The net total available for payment of the remaining claims is expected to be in the neighborhood of $25 million. The following table shows the estimated number and amount of claims which would be involved if those claimants whose citizenship was acquired after the date of the armistice are excluded:

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Hungary:	
Total claims filed	1,124
Claimants acquiring citizenship after 1944 (armistice)	167
Average claim	$28,000
Rumania:	
Total claims filed	226
Claimants acquiring citizenship after 1944 (armistice)	15
Average claim	$38,000
Bulgaria:	
Total claims filed	139
Claimants acquiring citizenship after 1944 (armistice)	25
Average claim	$35,000

To include the non-national-in-origin group would only dilute the funds still further, and increase the injustice to American owners. For these reasons, the committee decided to delete the last sentence of section 303, paragraph (1), which would have the effect of limiting the eligible class to claimants who were American citizens at the date the loss was sustained.

7. NATIONALIZATION CLAIMS AND THE CUTOFF DATE OF SEPTEMBER 15, 1947 (THE BENTLEY AMENDMENT)

In the form in which it was adopted by the House, section 303 (2) of the bill provides that the Commission should dispose of claims—

> for the nationalization, compulsory liquidation, or other taking, *prior to September 15, 1947*, of property of nationals of the United States in Bulgaria, Hungary, and Rumania.

The italicized phrase, which was not in the bill drawn up by the interested administrative agencies, was adopted by the House Committee on Foreign Affairs at the suggestion of Congressman Alvin M. Bentley. Its intent was to limit solely to war damage claims the use of assets which had been blocked during wartime. Because most of the claims based upon nationalization action by the satellite governments took place subsequent to the date of the peace treaties, all such claims would be barred. Of the three countries dealt with in this portion of the bill, only Hungary had begun nationalization prior to the date of the peace treaties.

The committee is not persuaded that the arguments advanced in support of this restriction upon nationalization claims are sufficient to overcome the injustice which it works with respect to those claimants whose property losses were sustained after September 15, 1947. Unless they are permitted to share in the funds, their chances of recovering anything in the foreseeable future are extremely remote. Moreover, to subordinate nationalization and confiscation claims to war damage claims would not be in the best interests of the United States which has always espoused the claims of American nationals against foreign governments for expropriations without just compensation. There is no evidence that any group of claimants, even those who would stand to benefit from the increased sums made available for war damage claims, are in favor of this amendment, and the administration is strongly opposed to it.

For these reasons, the committee unanimously voted to strike the phrase "September 15, 1947," and to replace it with the words "the effective date of this Act." The change would extend the Commission's jurisdiction to nationalization claims arising both before and after the date of the peace treaties.

8. SPECULATION IN CLAIMS

Section 307 of the bill provides that any award made pursuant to title III, which is based on a claim of a United States national other than the national to whom the claim originally accrued, shall not exceed the amount of the actual consideration last paid therefor prior to January 1, 1953. This provision is intended to discourage speculation in claims, by preventing the enrichment of those individuals who may have paid low prices for their bonds or other claims. Its effect would be that if the claim were purchased from its original holder or his successor in interest prior to January 1, 1953, the claimant would be entitled only to the price he paid for it; whereas if it were purchased after that date, he would be entitled to the value of his claim although that value may have increased for whatever reason.

The committee considers that this discriminatory feature of the bill should be eliminated and that the bar to speculative enrichment should apply up until the time the claim is presented to the Commission. For this reason, it voted to replace the clause "prior to January 1, 1953" by the following language:

> either prior to January 1, 1953 or between that date and the filing of the claim, whichever amount is less.

9. BOND CLAIMS

Claims dealt with in section 303 (3) of the bill relate to contractual obligations, principally rights in bonds, issued by the Governments of Bulgaria, Hungary, and Rumania. The jursidiction given to the Commission is limited to obligations acquired by United States nationals before the war, and which became payable prior to the date of the peace treaties. The section reads as follows:

> * * * obligations *arising out of contracts which existed on, or out of other rights which were acquired* by nationals of the United States prior to April 24, 1941, in the case of Bulgaria, and on or prior to September 1, 1939, in the case of Hungary and Rumania * * *

The committee considers that the italicized passage is susceptible of varying interpretations, and might be productive of difficulties for the Commission in applying it. It might be argued that the provision covered bonds payable in the currency of Bulgaria, Hungary, and Rumania; whereas the persons whom we are seeking to protect are American nationals who purchased bonds marketed in the United States. The phrasing "contracts which existed on" is also unfortunate, in that it might be construed as justifying presentation of a bond claim which was not American in origin.

Accordingly, the committee voted to amend paragraph 3 so that it would read "meet obligations expressed in currency of the United States arising out of contractual or other rights which were acquired," etc. In this connection it should be emphasized that whether a claim based upon a defaulted bond is a valid international claim will be a matter for the Commission to determine. It must not be assumed that the mere fact that bond payments have been defaulted suffices to create a valid claim. As pointed out in the Annual Report of the Foreign Bondholders Protective Council, Inc., for 1945:

> The traditional policy of the American Government has been that such loan and investment transactions were primarily private actions, to be handled by the parties directly concerned. The Government realizes a duty, within the proper

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limits of international law * * * to defend American interests abroad. However, it would not be wise for the Government to undertake directly the settlement of private debt situations.

10. TAX BENEFITS FROM WRITEOFFS OF LOSSES

During the hearings, the committee's attention was drawn to the possibility that a number of the larger claimants, who had already written off their property losses as a deduction from taxable income, would be allowed, in effect, a second recovery by receiving an award from the Commission for the same loss. It was deemed to be inequitable to allow such a recovery which would have the effect of reducing the fund shared by other claimants whose less fortunate circumstances had not permitted them to realize corresponding tax benefit.

For this reason, the committee decided that the bill should provide for a reduction in the amount paid under any award by the amount of the tax benefit obtained in prior taxable years. To accomplish this purpose, the committee recommended that section 310, paragraph 4 of the bill be amended so as to add to the end thereof the following language:

> less the amount of any reduction in Federal or State income taxes resulting from the allowance in prior years of any deduction on account of the destruction or seizure of property for which the award hereunder has been made.

Under this amendment, the Secretary of the Treasury would take all such tax benefits into account before making any payments pursuant to an award. The Commission's duty, in this respect, would be limited merely to requesting information from each claimant as to whether tax benefits of the kind discussed in this section had been obtained.

11. CONCLUSIONS

The committee desires to record its satisfaction that steps are now being taken to provide a method of compensating American nationals who have sustained losses covered by the present bill. Settlement of their claims out of the assets which are available to the Government, and at no additional cost to the taxpayers, is long overdue.

Admittedly, the bill, as it is reported to the Senate, does not embrace all categories of claimants who may feel that they should be allowed to participate in the funds. It must be emphasized, however, that these funds are limited, and that to the extent that additional, less deserving classes are admitted, those funds will be further diluted, to the prejudice of individuals who were American citizens at the time they were injured in their property rights. The committee's primary concern has been to do the greatest possible equity while at the same time following a course which is believed to be in the best interests of the United States in maintaining a sound claims policy.

The committee believes the bill to be sound and equitable and strongly urges its approval by the Senate.

APPENDIX

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

INTERNATIONAL CLAIMS SETTLEMENT ACT OF 1949, AS AMENDED

(64 Stat. 12; 67 Stat. 506)

AN ACT To provide for the settlement of certain claims of the Government of the United States on its own behalf and on behalf of American nationals against foreign governments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "International Claims Settlement Act of 1949".

TITLE I

SEC. 2. For the purposes of this [Act] *title*—

(a) The term "person" shall include an individual, partnership, corporation, or the Government of the United States.

(b) The term "United States" when used in a geographical sense shall include the United States, its Territories and insular possessions, and the Canal Zone.

(c) The term "nationals of the United States" includes (1) persons who are citizens of the United States, and (2) persons who, though not citizens of the United States, owe permanent allegiance to the United States. It does not include aliens.

(d) The term "Yugoslav Claims Agreement of 1948" means the agreement between the Governments of the United States of America and of the Federal People's Republic of Yugoslavia regarding pecuniary claims of the United States and its nationals, signed July 19, 1948.

SEC. 3.[1] (a) There is hereby established in the Department of State a commission to be known as the International Claims Commission of the United States (hereinafter referred to as the "Commission") and to be composed of three persons, to be appointed by the President by and with the advice and consent of the Senate. One of such members shall be designated by the President as the Chairman of the Commission and each shall receive compensation at the rate of $15,000 per annum. Two members of the Commission shall constitute a quorum for the transaction of business. Any vacancy that may occur in the membership of the Commission shall be filled in the same manner as in the case of an original appointment: *Provided,* That in the event of the death, resignation, absence, or disability of a member, the President may designate an acting member from among persons in the judicial or in the executive branch of the Government (including employees of the Commission), who possess the qualifications prescribed by this subsection, to temporarily perform without additional compensation the duties of the member until a successor is appointed or the absence or disability of the member shall cease.

(b) The principal office of the Commission shall be in the District of Columbia. The Secretary of State, in accordance with the provisions of the civil-service laws and the Classification Act of 1923, as amended, upon the recommendation of the

[1] The International Claims Commission of the United States was abolished, and its functions under this act and those of the Secretary of State under subsecs. (a) and (b) of this section were transferred to the Foreign Claims Settlement Commission of the United States by Reorganization Plan No. 1 of 1954, which took effect July 1, 1954.

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Commission, may appoint and fix the compensation of an executive director, and of officers, attorneys, investigators, and other employees.

(c) The Commission may prescribe such rules and regulations as may be necessary to enable it to carry out its functions, and may delegate functions to any member, officer, or employee of the Commission. The President may fix a termination date for the authority of the Commission, and the terms of office of its members under this [Act] *title*. Any member of the Commission may be removed by the Secretary of State, upon notice and hearing, for neglect of duty, or malfeasance in office, but for no other cause. Not later than six months after its organization, and every six months thereafter, the Commission shall make a report, through the Secretary of State, to the Congress concerning its operations under this [Act] *title*. The Commission shall, upon completion of its work, certify in duplicate to the Secretary of State and to the Secretary of the Treasury the following: (1) A list of all claims disallowed; (2) a list of all claims allowed, in whole or in part, together with the amount of each claim and the amount awarded thereon; and (3) a copy of the decision rendered in each case.

No members of such Commission shall be appointed after the effective date of this [Act] *title* until such Commission is reorganized by further Act of Congress but acting members may be designated by the President as provided by this section, who shall receive no compensation from the funds appropriated by H. R. 6200 for defraying the expenses of such Commission.

SEC. 4. (a) The Commission shall have jurisdiction to receive, examine, adjudicate, and render final decisions with respect to claims of the Government of the United States and of nationals of the United States included within the terms of the Yugoslav Claims Agreement of 1948, or included within the terms of any claims agreement hereafter concluded between the Government of the United States and a foreign government (exclusive of governments against which the United States declared the existence of a state of war during World War II) similarly providing for the settlement and discharge of claims of the Government of the United States and of nationals of the United States against a foreign government, arising out of the nationalization or other taking of property, by the agreement of the Government of the United States to accept from that government a sum in en bloc settlement thereof. In the decision of claims under this [Act] *title*, the Commission shall apply the following in the following order: (1) The provisions of the applicable claims agreement as provided in this subsection; and (2) the applicable principles of international law, justice, and equity.

(b) The Commission shall give public notice of the time when, and the limit of time within which, claims may be filed, which notice shall be published in the Federal Register. In addition, the Commission is authorized and directed to mail a similar notice to the last-known address of each person appearing in the records of the Department of State as having indicated an intention of filing a claim with respect to a matter concerning which the Commission has jurisdiction under this [Act] *title*. All decisions shall be upon such evidence and written legal contentions as may be presented within such period as may be prescribed therefor by the Commission, and upon the results of any independent investigation of cases which the Commission may deem it advisable to make. Each decision by the Commission pursuant to this [Act] *title* shall be by majority vote, and shall state the reason for such decision, and shall constitute a full and final disposition of the case in which the decision is rendered.

(c) Any member of the Commission, or any employee of the Commission, designated in writing by the Chairman of the Commission, may administer oaths and examine witnesses. Any member of the Commission may require by subpena the attendance and testimony of witnesses, and the production of all necessary books, papers, documents, records, correspondence, and other evidence, from any place in the United States at any designated place of inquiry or of hearing. The Commission is authorized to contract for the reporting of inquiries or of hearings. Witnesses summoned before the Commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. In case of disobedience to a subpena, the aid of any district court of the United States, as constituted by chapter 5 of title 28, United States Code (28 U. S. C. 81 and the following), and the United States court of any Territory or other place subject to the jurisdiction of the United States may be invoked in requiring the attendance and testimony of witnesses and the production of such books, papers, documents, records, correspondence, and other evidence. Any such court within the jurisdiction of which the inquiry or hearing is carried on may, in case of contumacy or refusal to obey a subpena issued to any person, issue an order requiring such person to appear or to give evidence touching the matter in question; and any

failure to obey such order of the court may be punished by such court as a contempt thereof.

(d) The Commission may order testimony to be taken by deposition in any inquiry or hearing pending before it at any stage of such proceeding or hearing. Such depositions may be taken, under such regulations as the Commission may prescribe, before any person designated by the Commission and having power to administer oaths. Any person may be compelled to appear and depose, and to produce books, papers, documents, records, correspondence, and other evidence in the same way as witnesses may be compelled to appear and testify and produce documentary evidence before the Commission, as hereinabove provided. If a witness whose testimony may be desired to be taken by deposition be in a foreign country, the deposition may be taken, provided the laws of the foreign country so permit, by a consular officer, or by an officer or employee of the Commission, or other person commissioned by the Commission, or under letters rogatory issued by the Commission. Witnesses whose depositions are taken as authorized in this subsection, and the persons taking the same, shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

(e) In addition to the penalties provided in title 18, United States Code, section 1001, any person guilty of any act, as provided therein, with respect to any matter under this [Act] *title*, shall forfeit all rights under this [Act] *title*, and, if payment shall have been made or granted, the Commission shall take such action as may be necessary to recover the same.

(f) In connection with any claim decided by the Commission pursuant to this [Act] *title* in which an award is made, the Commission may, upon the written request of the claimant or any attorney heretofore or hereafter employed by such claimant, determine and apportion the just and reasonable attorney's fees for services rendered with respect to such claim, but the total amount of the fees so determined in any case shall not exceed 10 per centum of the total amount paid pursuant to the award. Written evidence that the claimant and any such attorney have agreed to the amount of the attorney's fees shall be conclusive upon the Commission: *Provided, however,* That the total amount of the fees so agreed upon does not exceed 10 per centum of the total amount paid pursuant to the award. Any fee so determined shall be entered as a part of such award, and payment thereof shall be made by the Secretary of the Treasury by deducting the amount thereof from the total amount paid pursuant to the award. Any agreement to the contrary shall be unlawful and void. The Commission is authorized and directed to mail to each claimant in proceedings before the Commission notice of the provisions of this subsection. Whoever, in the United States or elsewhere, pays or offers to pay, or promises to pay, or receives on account of services rendered or to be rendered in connection with any such claim, compensation which, when added to any amount previously paid on account of such services, will exceed the amount of fees so determined by the Commission, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than twelve months, or both, and if any such payment shall have been made or granted, the Commission shall take such action as may be necessary to recover the same, and, in addition thereto, any such person shall forfeit all rights under this [Act] *title*.

(g) The Attorney General shall assign such officers and employees of the Department of Justice as may be necessary to represent the United States as to any claims of the Government of the United States with respect to which the Commission has jurisdiction under this [Act] *title*. Any and all payments required to be made by the Secretary of the Treasury under this [Act] *title* pursuant to any award made by the Commission to the Government of the United States shall be covered into the Treasury to the credit of miscellaneous receipts.

(h) The Commission shall notify all claimants of the approval or denial of their claims, stating the reasons and grounds therefor, and, if approved, shall notify such claimants of the amount for which such claims are approved. Any claimant whose claim is denied, or is approved for less than the full amount of such claim, shall be entitled, under such regulations as the Commission may prescribe, to a hearing before the Commission, or its duly authorized representatives, with respect to such claim. Upon such hearing, the Commission may affirm, modify, or revise its former action with respect to such claim, including a denial or reduction in the amount theretofore allowed with respect to such claim. The action of the Commission in allowing or denying any claim under this [Act] *title* shall be final and conclusive on all questions of law and fact and not subject to review by the Secretary of State or any other official, department, agency, or establishment of the United States or by any court by mandamus or otherwise.

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(i) The Commission may in its discretion enter an award with respect to one or more items deemed to have been clearly established in an individual claim while deferring consideration and action on other items of the same claim.

(j) The Commission shall comply with the provisions of the Administrative Procedure Act of 1946 except as otherwise specifically provided by this [Act] *title*.

SEC. 5. The Commission shall, as soon as possible, and in the order of the making of such awards, certify to the Secretary of the Treasury and to the Secretary of State copies of the awards made in favor of the Government of the United States or of nationals of the United States under this [Act] *title*. The Commission shall certify to the Secretary of State, upon his request, copies of the formal submissions of claims filed pursuant to subsection (b) of section 4 of this [Act] *title* for transmission to the foreign government concerned.

SEC. 6. The Commission shall complete its affairs in connection with settlement of United States-Yugoslav claims arising under the Yugoslav Claims Agreement of 1948 not later than December 31, 1954: *Provided*, That nothing in this provision shall be construed to limit the life of the Commission, or its authority to act on future agreements which may be effected under the provisions of this legislation.

SEC. 7. (a) Subject to the limitations hereinafter provided, the Secretary of the Treasury is authorized and directed to pay, as prescribed by section 8 of this [Act] *title*, an amount not exceeding the principal of each award, plus accrued interest on such awards as bear interest, certified pursuant to section 5 of this [Act] *title*, in accordance with the award. Such payments, and applications for such payments, shall be made in accordance with such regulations as the Secretary of the Treasury may prescribe.

(b) There shall be deducted from the amount of each payment made pursuant to subsection (c) of section 8, as reimbursement for the expenses incurred by the United States, an amount equal to 5 per centum of such payment. All amounts so deducted shall be covered into the Treasury to the credit of miscellaneous receipts.

(c) Payments made pursuant to this [Act] *title* shall be made only to the person or persons on behalf of whom the award is made, except that—

(1) if such person is deceased or is under a legal disability, payment shall be made to his legal representative: *Provided*, That if the total award is not over $500 and there is no qualified executor or administrator, payment may be made to the person or persons found by the Comptroller General of the United States to be entitled thereto, without the necessity of compliance with the requirements of law with respect to the administration of estates;

(2) in the case of a partnership or corporation, the existence of which has been terminated and on behalf of which an award is made, payment shall be made, except as provided in paragraphs (3) and (4), to the person or persons found by the Comptroller General of the United States to be entitled thereto;

(3) if a receiver or trustee for any such partnership or corporation has been duly appointed by a court of competent jurisdiction in the United States and has not been discharged prior to the date of payment, payment shall be made to such receiver or trustee in accordance with the order of the court;

(4) if a receiver or trustee for any such partnership or corporation, duly appointed by a court of competent jurisdiction in the United States, makes an assignment of the claim, or any part thereof, with respect to which an award is made, or makes an assignment of such award, or any part thereof, payment shall be made to the assignee, as his interest may appear; and

(5) in the case of any assignment of an award, or any part thereof, which is made in writing and duly acknowledged and filed, after such award is certified to the Secretary of the Treasury, payment may, in the discretion of the Secretary of the Treasury, be made to the assignee, as his interest may appear.

(d) Whenever the Secretary of the Treasury, or the Comptroller General of the United States, as the case may be, shall find that any person is entitled to any such payment, after such payment shall have been received by such person, it shall be an absolute bar to recovery by any other person against the United States, its officers, agents, or employees with respect to such payment.

(e) Any person who makes application for any such payment shall be held to have consented to all the provisions of this [Act] *title*.

(f) Nothing in this [Act] *title* shall be construed as the assumption of any liability by the United States for the payment or satisfaction, in whole or in part, of any claim on behalf of any national of the United States against any foreign government.

SEC. 8. (a) There are hereby created in the Treasury of the United States (1) a special fund to be known as the Yugoslav Claims Fund; and (2) such other special funds as may, in the discretion of the Secretary of the Treasury, be required, each to be a claims fund to be known by the name of the foreign government which has entered into a settlement agreement with the Government of the United States as described in subsection (a) of section 4 of this [Act] *title*. There shall be covered into the Treasury to the credit of the proper special fund all funds hereinafter specified. All payments authorized under section 7 of this [Act] *title* shall be disbursed from the proper fund, as the case may be, and all amounts covered into the Treasury to the credit of the aforesaid funds are hereby permanently appropriated for the making of the payments authorized by section 7 of this [Act] *title*.

(b) The Secretary of the Treasury is authorized and directed to cover into—

(1) the Yugoslav Claims Fund the sum of $17,000,000 being the amount paid by the Government of the Federal People's Republic of Yugoslavia pursuant to the Yugoslav Claims Agreement of 1948;

(2) a special fund created for that purpose pursuant to subsection (a) of this section any amounts hereafter paid, in United States dollars, by a foreign government which has entered into a claims settlement agreement with the Government of the United States as described in subsection (a) of section 4 of this [Act] *title*.

(c) The Secretary of the Treasury is authorized and directed out of the sums covered into any of the funds pursuant to subsection (b) of this section, and after making the deduction provided for in section 7 (b) of this [Act] *title*—

(1) to make payments in full of the principal of awards of $1,000 or less, certified pursuant to section 5 of this [Act] *title*;

(2) to make payments of $1,000 on the principal of each award of more than $1,000 in principal amount, certified pursuant to section 5 of this [Act] *title*;

(3) to make additional payment of not to exceed 25 per centum of the unpaid principal of awards in the principal amount of more than $1,000;

(4) after completing the payments prescribed by paragraphs (2) and (3) of this subsection, to make payments, from time to time in ratable proportions, on account of the unpaid principal of all awards in the principal amount of more than $1,000, according to the proportions which the unpaid principal of such awards bear to the total amount in the fund available for distribution at the time such payments are made; and

(5) after payment has been made of the principal amounts of all such awards, to make pro rata payments on account of accrued interest on such awards as bear interest.

(d) The Secretary of the Treasury, upon the concurrence of the Secretary of State, is authorized and directed, out of the sum covered into the Yugoslav Claims Fund pursuant to subsection (b) of this section, after completing the payments of such funds pursuant to subsection (c) of this section, to make payment of the balance of any sum remaining in such fund to the Government of the Federal People's Republic of Yugoslavia to the extent required under article 1 (c) of the Yugoslav Claims Agreement of 1948. The Secretary of State [3] shall certify to the Secretary of the Treasury the total cost of adjudication, not borne by the claimants, attributable to the Yugoslav Claims Agreement of 1948. Such certification shall be final and conclusive and shall not be subject to review by any other official, or department, agency, or establishment of the United States.

SEC. 9. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to enable the Commission to carry out its functions under this [Act] *title*.

TITLE II

VESTING AND LIQUIDATION OF BULGARIAN, HUNGARIAN, AND RUMANIAN PROPERTY

SEC. 201. As used in this title the term—

(1) "Person" means a natural person, partnership, association, other unincorporated body, corporation, or body politic.

(2) "Property" means any property, right, or interest.

(3) "Treaty of peace", with respect to a country, means the treaty of peace with that country signed at Paris, France, February 10, 1947, which came into force between that country and the United States on September 15, 1947.

[3] The functions of the Secretary of State under this sentence were transferred to the Foreign Claims Settlement Commission of the United States by Reorganization Plan No. 1 of 1954, which took effect July 1, 1954.

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SEC. 202. (a) In accordance with article 25 of the treaty of peace with Bulgaria, article 29 of the treaty of peace with Hungary, and article 27 of the treaty of peace with Rumania, any property which was blocked in accordance with Executive Order 8389 of April 10, 1940, as amended, and remains blocked on the effective date of this title, and which, as of September 15, 1947, was owned directly or indirectly by Bulgaria, Hungary, and Rumania or by any national thereof as defined in such Executive order, shall vest in such officer or agency as the President may from time to time designate and shall vest when, as, and upon such terms as the President or his designee shall direct. Such property shall be sold or otherwise liquidated as expeditiously as possible after vesting under such rules and regulations as the President or his designee may prescribe. The net proceeds remaining upon completion of the administration and liquidation thereof, including the adjudication of any suits or claims with respect thereto under sections 207 and 208, shall be covered into the Treasury. Notwithstanding the preceding provisions of this subsection, any such property determined by the President or his designee to be owned directly by a natural person shall not be vested under this subsection but shall remain blocked subject to release when, as, and upon such terms as the President or his designee may prescribe. If, at any time within one year from the date of the vesting of any property under this subsection, the President or his designee shall determine that it was directly owned at the date of vesting by a natural person, then the President or his designee shall divest such property and restore it to its blocked status prior to vesting, subject to release when, as, and upon such terms as the President or his designee may prescribe, or if such property has been liquidated, shall divest the net proceeds thereof and carry them in blocked accounts with the Treasury, bearing no interest, in the name of the owner thereof at the date of vesting, subject to release when, as, and upon such terms as the President or his designee may prescribe.

(b) The net proceeds of any property which was vested in the Alien Property Custodian or the Attorney General after December 17, 1941, pursuant to the Trading With the Enemy Act, as amended, and which at the date of vesting was owned directly or indirectly by Bulgaria, Hungary, or Rumania, or any national thereof, shall after completion of the administration, liquidation, and disposition of such property pursuant to such Act, including the adjudication of any suits or claims with respect thereto under such Act, be covered into the Treasury, except that the net proceeds of any such property which the President or his designee shall determine was directly owned by a natural person at the date of vesting shall be divested by the President or such officer or agency as he may designate and carried in blocked accounts with the Treasury, bearing no interest, in the name of the owner thereof at the date of vesting, subject to release when, as, and upon such terms as the President or his designee may prescribe.

(c) The determination under this section that any vested property was not directly owned by a natural person at the date of vesting shall be within the sole discretion of the President or his designee and shall not be subject to review by any court.

(d) The President or his designee may require any person to furnish, in the form of reports or otherwise, complete information, including information with regard to past transactions, relative to any property blocked under Executive Order 8389 of April 10, 1940, as amended, or as may be otherwise necessary to enforce the provisions of this section; and the President or his designee may require of any person the production of any books of account, records, contracts, letters, memoranda, or other papers relative to such property or as may be otherwise necessary to enforce the provisions of this section.

SEC. 203. Whenever shares of stock or other beneficial interest in any corporation, association, or company or trust are vested in any officer or agency designated by the President under this title, it shall be the duty of the corporation, association, or company or trustee or trustees issuing such shares or any certificates or other instruments representing the same or any other beneficial interest to cancel such shares of stock or other beneficial interest upon its, his, or their books and in lieu thereof to issue certificates or other instruments for such shares or other beneficial interest to the designee of the President, or otherwise as such designee shall require.

SEC. 204. Any vesting order, or other order or requirement issued pursuant to this title, or a duly certified copy thereof, may be filed, registered, or recorded in any office for the filing, registering, or recording of conveyances, transfers, or assignments of such property as may be covered by such order or requirement; and if so filed, registered, or recorded shall impart the same notice and have the same force and effect as a duly executed conveyance, transfer, or assignment so filed, registered, or recorded.

SEC. 205. Any payment, conveyance, transfer, assignment, or delivery of property made to the President or his designee pursuant to this title, or any rule, regulation, instruction, or direction issued under this title, shall to the extent thereof be a full

acquittance and discharge for all purposes of the obligation of the person making the same; and no person shall be held liable in any court for or in respect of any such payment, conveyance, transfer, assignment, or delivery made in good faith in pursuance of and in reliance on the provisions of this title, or of any rule, regulation, instruction, or direction issued thereunder.

SEC. 206. The district courts of the United States are given jurisdiction to make and enter all such rules as to notice and otherwise, and all such orders and decrees, and to issue such process as may be necessary and proper in the premises to enforce the provisions of this title, with a right of appeal from the final order or decree of such court as provided in sections 1252, 1254, 1291, and 1292 of title 28, United States Code.

SEC. 207. (a) Any person who has not filed a notice of claim under subsection (b) of this section may institute a suit in equity for the return of any property, or the net proceeds thereof, vested in a designee of the President pursuant to section 202 (a) and held by such designee. Such suit, to which said designee shall be made a party defendant, shall be instituted in the District Court of the United States for the District of Columbia or in the district court of the United States for the district in which the claimant resides, or, if a corporation, where it has its principal place of business, by the filing of a complaint which alleges—

(1) that the claimant is a person other than Bulgaria, Hungary, or Rumania, or a national thereof as defined in Executive Order 8389 of April 10, 1940, as amended; and

(2) that the claimant was the owner of such property immediately prior to its vesting, or is the successor in interest of such owner by inheritance, device, or bequest.

If the court finds in favor of the claimant, it shall order the payment, conveyance, transfer, assignment, or delivery to said claimant of such property, or the net proceeds thereof, held by said designee or the portion thereof to which the court shall determine said claimant is entitled. If suit shall be so instituted, then such property, or, if liquidated, the net proceeds thereof, shall be retained in the custody of said designee until any final judgment or decree which shall be entered in favor of the claimant shall be fully satisfied, or until final judgment or decree shall be entered against the claimant or suit otherwise terminated.

(b) Any person who has not instituted a suit under the provisions of subsection (a) of this section may file a notice of claim under oath for the return of any property, or the net proceeds thereof, vested in a designee of the President pursuant to section 202 (a) and held by such designee. Such notice of claim shall be filed with said designee and in such form and containing such particulars as said designee shall require. Said designee may return any property so claimed, or the net proceeds thereof, whenever he shall determine—

(1) that the claimant is a person other than Bulgaria, Hungary, or Rumania, or a national thereof as defined in Executive Order 8389 of April 10, 1940, as amended; and

(2) that the claimant was the owner of such property immediately prior to its vesting, or is the successor in interest of such owner by inheritance, devise, or bequest.

Any person whose claim is finally denied in whole or in part by said designee may obtain review of such denial by filing a petition therefor in the United States Court of Appeals for the District of Columbia Circuit. Such petition for review must be filed within sixty days after the date of mailing of the final order of denial by said designee and a copy must be served on the said designee. Within forty-five days after service of such petition for review, or within such further time as the court may grant for good cause shown, said designee shall file an answer thereto, and shall certify and file with the court a transcript of the entire record of the proceedings with respect to such claim. The court may enter judgment affirming the order of the designee; or, upon finding that such order is not in accordance with law or that any material findings upon which such order is based are unsupported by substantial evidence, may enter judgment modifying or setting aside the order in whole or in part, and (1) directing a return of all or part of the property claimed, or (2) remanding the claim for further administrative proceedings thereon. If a notice of claim is filed under this subsection, the property which is the subject of such claim, or if liquidated, the net proceeds thereof, shall be retained in the custody of said designee until any final order of said designee or any final judgment or decree which shall be entered in favor of the claimant shall be fully satisfied, or until a final order of said designee or a final judgment or decree shall be entered against the claimant, or the claim or suit otherwise terminated.

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(c) The sole relief and remedy of any person having any claim to any property vested pursuant to section 202 (a) shall be that provided by the terms of subsection (a) or (b) of this section, and in the event of the liquidation by sale or otherwise of such property, shall be limited to and enforced against the net proceeds received therefrom and held by the designee of the President. The claim of any person based on his ownership of shares of stock or other proprietary interest in a corporation which was the owner of property at the date of vesting thereof under section 202 (a) shall be allowable under subsection (a) or (b) of this section if 25 per centum or more of the outstanding capital stock or other proprietary interest in the corporation was owned at such date by nationals of countries other than Bulgaria, Hungary, Rumania, Germany, or Japan. But no such claim of a national of a foreign country shall be satisfied except after certification by the Department of State that the country of the national accords protection to nationals of the United States in similar types of cases.

(d) The designee of the President may retain or recover from any property, or the net proceeds thereof, returned pursuant to subsection (a) or (b) of this section an amount not exceeding that expended or incurred by him for the conservation, preservation, or maintenance of such property or proceeds.

SEC. 208. (a) Any property vested in the designee of the President pursuant to section 202 (a), or the net proceeds thereof, shall be equitably applied by such designee in accordance with this section to the payment of debts owed by the person who owned such property immediately prior to its vesting in such designee. No debt claim shall be allowed under this section—

(1) if it is asserted against Bulgaria, Hungary, or Rumania (including the government or any political subdivisions, agencies, or instrumentalities thereof); or

(2) if it is based upon an obligation expressed or payable in any currency other than the currency of the United States; or

(3) if it was not due and owing—

(A) on October 9, 1940 in the event the property in respect to which such debt claim is filed was owned immediately prior to vesting by a national of Rumania;

(B) on March 4, 1941, in the event the property in respect of which such debt claim is filed was owned immediately prior to vesting by a national of Bulgaria; or

(C) on March 13, 1941, in the event that the property in respect of which such debt claim is filed was owned immediately prior to vesting by a national of Hungary.

Any defense to the payment of such claim which would have been available to the debtor shall be available to the designee, except that the period from and after December 7, 1941, shall not be included for the purpose of determining the applicability of any statute of limitations Debt claims allowable under this section shall include only those of natural persons who were citizens of the United States at the dates their debtors became obligated to them; those of other natural persons who are and have been continuously since December 7, 1941, residents of the United States; those of corporations organized under the laws of the United States or any State, Territory, or possession thereof, or the District of Columbia; and those acquired by the designee of the President under this title. Successors in interest by inheritance, devise, bequest, or operation of law of debt claimants, other than persons who would themselves be disqualified hereunder from allowance of a debt claim, shall be eligible for payment to the same extent as their principals or predecessors would have been.

(b) The designee of the President under this title shall fix a date or dates after which the filing of debt claims in respect of any or all debtors shall be barred, and may extend the time so fixed, and shall give at least sixty days' notice thereof by publication in the Federal Register. In no event shall the time extend beyond the expiration of one year from the date of the last vesting in the designee of the President of any property of a debtor in respect to whose debts the date is fixed. No debt shall be paid prior to the expiration of one hundred and twenty days after publication of the first such notice in respect of the debtor, nor in any event shall any payment of a debt claim be made out of any property or proceeds in respect of which a suit or proceeding for return pursuant to this title is pending.

(c) The designee shall examine the claims, and such evidence in respect thereof as may be presented to him or as he may introduce into the record, and shall make a determination, with respect to each claim, of allowance or disallowance, in whole or in part. The determination of the designee that a claim is within either paragraph (1) or (2) of subsection (a) of this section shall be final and shall not be subject to judicial review, and such claim shall not be considered a debt claim for any purpose under this section.

(d) Payment of debt claims shall be made only out of such money included in, or received as net proceeds from the sale, use, or other disposition of, any property

owned by the debtor immediately prior to its vesting in the designee of the President, as shall remain after deduction of (1) the amount of the expenses of the designee (including both expenses in connection with such property or proceeds thereof, and such portion as the designee shall fix of his other expenses), and of taxes, as defined in section 212, paid by the designee in respect of such property or proceeds; and (2) such amount, if any, as the designee may establish as a cash reserve for the future payment of such expenses and taxes. If the money available hereunder for the payment of debt claims against the debtor is insufficient for the satisfaction of all claims allowed by the designee, ratable payments shall be made in accordance with subsection (g) of this section to the extent permitted by the money available and additional payments shall be made whenever the designee shall determine that substantial further money has become available, through liquidation of any such property or otherwise. The designee shall not be required, through any judgment of any court, levy of execution, or otherwise, to sell or liquidate any property vested in him, for the purpose of paying or satisfying any debt claim.

(e) If the aggregate of debt claims filed as prescribed does not exceed the money from which, in accordance with subsection (d) of this section, payment may be made, the designee shall pay each claim to the extent allowed, and shall serve by registered mail, on each claimant whose claim is disallowed in whole or in part, a notice of such disallowance. Within sixty days after the date of mailing of the designee's determination, any debt claimant whose claim has been disallowed in whole or in part may file in the District Court of the United States for the District of Columbia a complaint for review of such disallowance naming the designee as defendant. Such complaint shall be served on the designee. The designee, within forty-five days after service on him, shall certify and file in said court a transcript of the record of proceedings with respect to the claim in question. Upon good cause shown such time may be extended by the court. Such record shall include the claim as filed, such evidence with respect thereto as may have been presented to the designee or introduced into the record by him, and the determination of the designee with respect thereto, including any findings made by him. The court may, in its discretion, take additional evidence, upon a showing that such evidence was offered to and excluded by the designee, or could not reasonably have been adduced before him or was not available to him. The court shall enter judgment affirming, modifying, or reversing the designee's determination, and directing payment in the amount, if any, which it finds due.

(f) If the aggregate of debt claims filed as prescribed exceeds the money from which, in accordance with subsection (d) of this section, payment may be made, the designee shall prepare and serve by registered mail on all claimants a schedule of all debt claims allowed and the proposed payment to each claimant. In preparing such schedule, the designee shall assign priorities in accordance with subsection (g) of this section. Within sixty days after the date of mailing of such schedule, any claimant considering himself aggrieved may file in the District Court of the United States for the District of Columbia a complaint for review of such schedule, naming the designee as defendant. A copy of such complaint shall be served upon the designee and on each claimant named in the schedule. The designee, within forty-five days after service on him, shall certify and file in said court a transcript of the record of proceedings with respect to such schedule. Upon good cause shown such time may be extended by the court. Such record shall include the claims in question as filed, such evidence with respect thereto as may have been presented to the designee or introduced into the record by him, any findings or other determinations made by the designee with respect thereto, and the schedule prepared by the designee. The court may, in its discretion, take additional evidence, upon a showing that such evidence was offered to and excluded by the designee or could not reasonably have been adduced before him or was not available to him. Any interested debt claimant who has filed a claim with the designee pursuant to this section, upon timely application to the court, shall be permitted to intervene in such review proceedings. The court shall enter judgment affirming or modifying the schedule as prepared by the designee and directing payment, if any be found due, pursuant to the schedule as affirmed or modified and to the extent of the money from which, in accordance with subsection (d) of this section, payment may be made. Pending the decision of the court on such complaint for review, and pending final determination of any appeal from such decision, payment may be made only to an extent, if any, consistent with the contentions of all claimants for review.

(g) Debt claims shall be paid in the following order of priority: (1) Wage and salary claims, not to exceed $600; (2) claims entitled to priority under sections 3466 and 3468 of the Revised Statutes (31 U. S. C., secs. 191 and 193), except as provided in subsection (h) of this section; (3) all other claims for services rendered; for expenses incurred in connection with such services, for rent, for goods and materials delivered

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to the debtor, and for payments made to the debtor for goods or services not received by the claimant; (4) all other debt claims. No payment shall be made to claimants within a subordinate class unless the money from which, in accordance with subsection (d) of this section, payment may be made permits payment in full of all allowed claims in every prior class.

(h) No debt of any kind shall be entitled to priority under any law of the United States or any State, Territory, or possession thereof, or the District of Columbia, solely by reason of becoming a debt due or owing to the United States as a result of its acquisition by the designee of the President under this title.

(i) The sole relief and remedy available to any person seeking satisfaction of a debt claim out of any property vested in the designee under section 202 (a), or the proceeds thereof, shall be the relief and remedy provided in this section, and suits for the satisfaction of debt claims shall not be instituted, prosecuted, or further maintained except in conformity with this section. No person asserting any interest, right, or title in any property or proceeds acquired by the designee shall be barred from proceeding pursuant to this title for the return thereof, by reason of any proceeding which he may have brought pursuant to this section; nor shall any security interest asserted by the creditor in any such property or proceeds be deemed to have been waived solely by reason of such proceeding. Nothing contained in this section shall bar any person from the prosecution of any suit at law or in equity against the original debtor or against any other person who may be liable for the payment of any debt for which a claim might have been filed hereunder. No purchaser, lessee, licensee, or other transferee of any property from the designee shall, solely by reason of such purchase, lease, license, or transfer, become liable for the payment of any debt owed by the person who owned such property prior to its vesting in the designee. Payment by the designee to any debt claimant shall constitute, to the extent of payment, a discharge of the indebtedness represented by the claim.

SEC. 209. The officer or agency designated by the President under this title to entertain claims under section 207 (b) and section 208 shall have power to hold such hearings as may be deemed necessary; to prescribe rules and regulations governing the form and contents of claims, the proof thereof, and all other matters related to proceedings on such claims; and in connection with such proceedings to issue subpenas, administer oaths, and examine witnesses. Such powers, and any other powers conferred upon such officer or agency by section 207 (b) and section 208 may be exercised through subordinate officers designated by such officer or agency.

SEC. 210. No suit may be instituted pursuant to section 207 (a) after the expiration of one year from the date of vesting of the property in respect of which relief is sought. No return may be made pursuant to section 207 (b) unless notice of claim has been filed within one year from the date of vesting of the property in respect of which the claim is filed.

SEC. 211. No property or proceeds shall be returned under this title, nor shall any payment be made or judgment awarded in respect of any property vested in any officer or agency designated by the President under this title unless satisfactory evidence is furnished to said designee, or the court, as the case may be, that the aggregate of the fees to be paid to all agents, attorneys at law or in fact, or representatives, for services rendered in connection with such return or payment or judgment does not exceed 10 per centum of the value of such property or proceeds or of such payment. Any agent, attorney at law or in fact, or representative, believing that the aggregate of the fees should be in excess of such 10 per centum may, in the case of any return of, or the making of any payment in respect of, such property or proceeds by the President or such officer or agency as he may designate, petition the district court of the United States for the district in which he resides for an order authorizing fees in excess of 10 per centum and shall name such officer or agency as respondent. The court hearing such petition or a court awarding any judgment in respect of any such property or proceeds, as the case may be, shall approve an aggregate of fees in excess of 10 per centum of the value of such property or proceeds only upon a finding that there exist special circumstances of unusual hardship which require the payment of such excess. Any person accepting any fee in excess of an amount approved under this section or retaining for more than thirty days any portion of a fee, accepted prior to such approval, in excess of the fee as approved, shall be guilty of a violation of this title.

SEC. 212. (a) The vesting in any officer or agency designated by the President under this title of any property or the receipt by such designee of any earnings, increment, or proceeds thereof shall not render inapplicable any Federal, State, Territorial, or local tax for any period before or after such vesting.

(b) The officer or agency designated by the President under this title shall, notwithstanding the filing of any claim or the institution of any suit under this title, pay any tax incident to any such property, or the earnings, increment, or proceeds thereof, at

the earliest time appearing to him to be not contrary to the interest of the United States. The former owner shall not be liable for any such tax accruing while such property, earnings, increment, or proceeds are held by such designee, unless they are returned pursuant to this title without payment of such tax by the designee. Every such tax shall be paid by the designee to the same extent, as nearly as may be deemed practicable, as though the property had not been vested, and shall be paid only out of the property, or earnings, increment, or proceeds thereof, to which they are incident or out of other property acquired from the same former owner, or earnings, increment, or proceeds thereof. No tax liability may be enforced from any property or the earnings, increment, or proceeds thereof while held by the designee except with his consent. Where any property is transferred, otherwise than pursuant to section 207 (a) or 207 (b) hereof, the designee may transfer the property free and clear of any tax, except to the extent of any lien for a tax existing and perfected at the date of vesting, and the proceeds of such transfer shall, for tax purposes, replace the property in the hands of the designee.

(c) Subject to the provisions of subsection (b) of this section, the manner of computing any Federal taxes, including without limitation by reason of this enumeration, the applicability in such computation of credits, deductions, and exemptions to which the former owner is or would be entitled, and the time and manner of any payment of such taxes and the extent of any compliance by the designee with provisions of Federal law and regulations applicable with respect to Federal taxes, shall be in accordance with regulations prescribed by the Secretary of the Treasury to effectuate this section. Statutes of limitations on assessments, collection, refund, or credit of Federal taxes shall be suspended with respect to any vested property or the earnings, increment, or proceeds thereof, while vested and for six months thereafter; but no interest shall be paid upon any refund with respect to any period during which the statute of limitations is so suspended.

(d) The word "tax" as used in this section shall include, without limitation by reason of this enumeration, any property, income, excess-profits, war-profits, excise, estate, and employment tax, import duty, and special assessment; and also any interest, penalty, additional amount, or addition thereto not arising from any act, omission, neglect, failure, or delay on the part of the designee.

SEC. 213. Prior to covering the net proceeds of liquidation of any property into the Treasury pursuant to section 202 (a), the designee of the President under this title shall determine—

(1) the amount of his administrative expenses attributable to the performance of his functions under this title with respect to such property and the proceeds thereof. The amount so determined, together with an amount not exceeding that expended or incurred for the conservation, preservation, or maintenance of such property and the proceeds thereof, and for taxes in respect of same, shall be deducted and retained by the designee from the proceeds otherwise covered into the Treasury; and

(2) that the time for the institution of a suit under section 207 (a), for the filing of a notice of claim under section 207 (b), and for the filing of debt claims under section 208 has elapsed.

The determinations of the designee under this section shall be final and conclusive.

SEC. 214. No property conveyed, transferred, assigned, delivered, or paid to the designee of the President under this title, or the net proceeds thereof, shall be liable to lien, attachment, garnishment, trustee process, or execution, or subject to any order or decree of any court, except as provided in this title.

SEC. 215. Whoever shall willfully violate any provision of this title or any rule or regulation issued hereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of the President or of a designee of the President under this title, issued in compliance with the provisions of this title shall be fined not more than $5,000, or, if a natural person, imprisoned for not more than five years, or both: and the officer, director, or agent of any corporation who knowingly participates in such violation shall be punished by a like fine, imprisonment, or both.

TITLE III

CLAIMS AGAINST BULGARIA, HUNGARY, RUMANIA, ITALY, AND THE SOVIET UNION

SEC. 301. As used in this title the term—

(1) "Person" means a natural person, partnership, association, other unincorporated body, corporation, or body politic.

(2) "National of the United States" means (A) a natural person who is a citizen of the United States, or who owes permanent allegiance to the United States, and

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(B) a corporation or other legal entity which is organized under the laws of the United States, any State or Territory thereof, or the District of Columbia, if natural persons who are nationals of the United States own, directly or indirectly, more than 50 per centum of the outstanding capital stock or other beneficial interest in such legal entity. It does not include aliens.

(3) "Treaty of peace", with respect to a country, means the treaty of peace with that country signed at Paris, France, February 10, 1947, which came into force between that country and the United States on September 15, 1947.

(4) "Memorandum of Understanding" means the Memorandum of Understanding between the United States and Italy regarding Italian assets in the United States and certain claims of nationals of the United States, signed at Washington, District of Columbia, August 14, 1947 (61 Stat. 3962).

(5) "Soviet Government" means the Union of Soviet Socialist Republics, including any of its present or former constituent republics, other political subdivisions, and any territories thereof, as constituted on or prior to November 16, 1933.

(6) "Litvinov Assignment" means (A) the communication dated November 16, 1933, from Maxim Litvinov to President Franklin D. Roosevelt, wherein the Soviet Government assigned to the Government of the United States amounts admitted or found to be due it as the successor of prior governments of Russia, or otherwise, preparatory to a final settlement of the claims outstanding between the two Governments and the claims of their nationals; (B) the communication dated November 16, 1933, from President Franklin D. Roosevelt to Maxim Litvinov, accepting such assignment; and (C) the assignments executed by Serge Ughet on August 25, 1933, and November 15, 1933, assigning certain assets to the Government of the United States.

(7) "Russian national" includes any corporation or business association organized under the laws, decrees, ordinances, or acts of the former Empire of Russia or of any government successor thereto, and subsequently nationalized or dissolved or whose assets were taken over by the Soviet Government or which was merged with any other corporation or organization by the Soviet Government.

(8) "Commission" means the Foreign Claims Settlement Commission of the United States, established pursuant to Reorganization Plan Numbered 1 of 1954 (68 Stat. 1279).

(9) "Property" means any property, right, or interest.

SEC. 302. There are hereby created in the Treasury of the United States five funds to be known as the Bulgarian Claims Fund, the Hungarian Claims Fund, the Rumanian Claims Fund, the Italian Claims Fund, and the Soviet Claims Fund. The Secretary of the Treasury shall cover into each of the Hungarian, Rumanian, and Bulgarian Claims Funds, the funds attributable to the respective country or its nationals covered into the Treasury pursuant to subsections (a) and (b) of section 202 of this Act. The Secretary of the Treasury shall cover into the Italian Claims Fund the sum of $5,000,000 paid to the United States by the Government of Italy pursuant to article II of the Memorandum of Understanding. The Secretary shall cover into the Treasury the funds collected by the United States pursuant to the Litvinov Assignment (including postal funds due prior to November 16, 1933, to the Union of Soviet Socialist Republics because of money orders certified to that country for payment) and shall cover into the Soviet Claims Fund the funds so covered into the Treasury. The Secretary shall deduct from each claims fund 5 per centum thereof as reimbursement to the Government of the United States for the expenses incurred by the Commission and by the Treasury Department in the administration of this title. Such deduction shall be made before any payment is made out of such fund under section 310. All amounts so deducted shall be covered into the Treasury to the credit of miscellaneous receipts.

SEC. 303. The Commission shall receive and determine in accordance with applicable substantive law, including international law, the validity and amounts of claims of nationals of the United States against the Governments of Bulgaria, Hungary, and Rumania, or any of them, arising out of the failure to—

(1) restore or pay compensation for property of nationals of the United States as required by article 23 of the treaty of peace with Bulgaria, articles 26 and 27 of the treaty of peace with Hungary, and articles 24 and 25 of the treaty of peace with Rumania. Awards under this paragraph shall be in amounts not to exceed two-thirds of the loss or damage actually sustained;

(2) pay effective compensation for the nationalization, compulsory liquidation, or other taking, prior to the effective date of this act, of property of nationals of the United States in Bulgaria, Hungary, and Rumania; and

(3) meet obligations expressed in currency of the United States arising out of contractual or other rights acquired by nationals of the United States prior to April 24, 1941, in the case of Bulgaria, and prior to September 1, 1939, in the case of Hungary and Rumania, and which became payable prior to September 15, 1947

SEC. 304. The Commission shall receive and determine, in accordance with the Memorandum of Understanding and applicable substantive law, including international law, the validity and amount of claims of nationals of the United States against the government of Italy arising out of the war in which Italy was engaged from June 10, 1940, to September 15, 1947, and with respect to which provision was not made in the treaty of peace with Italy.

SEC. 305. (a) The Commission shall receive and determine in accordance with applicable substantive law, including international law, the validity and amounts of—

(1) claims of nationals of the United States against a Russian national originally accruing in favor of a national of the United States with respect to which a judgment was entered in, or a warrant of attachment issued from, any court of the United States or of a State of the United States in favor of a national of the United States, with which judgment or warrant of attachment a lien was obtained by a national of the United States, prior to November 16, 1933, upon any property in the United States which has been taken, collected, recovered, or liquidated by the Government of the United States pursuant to the Litvinov Assignment. Awards under this paragraph shall not exceed the proceeds of such property as may have been subject to the lien of the judgment or attachment; nor, in the event that such proceeds are less than the aggregate amount of all valid claims so related to the same property, exceed an amount equal to the proportion which each such claim bears to the total amount of such proceeds; and

(2) claims, arising prior to November 16, 1933, of nationals of the United States against the Soviet Government.

(b) Any judgment entered in any court of the United States or of a State of the United States shall be binding upon the Commission in its determination, under paragraph (1) of subsection (a) of this section, of any issue which was determined by the court in which the judgment was entered.

(c) The Commission shall give preference to the disposition of the claims referred to in paragraph (1) of subsection (a) of this section, over all other claims presented to it under this title.

SEC. 306. Within sixty days after the date of enactment of this title, or within sixty days after the date of enactment of legislation making appropriations to the Commission for payment of administrative expenses incurred in carrying out its functions under this title, whichever date is later, the Commission shall publish in the Federal Register the time when and the limit of time within which claims may be filed under this title, which limit shall not be more than one year after such publication, except that with respect to claims under section 305 this limit shall not exceed six months.

SEC. 307. The amount of any award made pursuant to this title based on a claim of a national of the United States other than the national of the United States to whom the claim originally accrued shall not exceed the amount of the actual consideration last paid therefor either prior to January 1, 1953, or between that date and the filing of the claim, whichever is less.

SEC. 308. The Commission shall as soon as possible, and in the order of the making of such awards, certify to the Secretary of the Treasury, in terms of United States currency, each award made pursuant to this title.

SEC. 309. All payments authorized under this title shall be disbursed exclusively from the claims fund attributable to the country with respect to which the claims are allowed pursuant to this title. All amounts covered into the Treasury to the credit of the claims funds created by section 302 are hereby permanently appropriated for the making of the payments authorized under this title.

SEC. 310. (a) The Secretary of the Treasury shall make payments on account of awards certified by the Commission pursuant to this title as follows:

(1) Payment in full of the principal amount of each award made pursuant to section 305 (a) (1) and each award of $1,000 or less made pursuant to section 303 or 304;

(2) Payment in full of the principal amount of each award of $1,000 or less made pursuant to section 305 (a) (2);

(3) Payment in the amount of $1,000 on account of the principal of each award of more than $1,000 in amount made pursuant to section 303, 304, or 305 (a) (2);

(4) After completing the payments under the preceding paragraphs of this subsection from any one fund, payments from time to time, in ratable proportions, on account of the then unpaid principal of all awards in the principal amount of more than $1,000, according to the proportions which the unpaid principal of such awards bear to the total amount in the fund available for distribution on account of such awards at the time such payments are made less the amount of any reduction in Federal or State income taxes resulting from the allowance in prior years of any deduction on account of the destruction or seizure of property for which the award hereunder has been made;

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(5) After payment has been made in full of the principal amounts of all awards from any one fund, pro rata payments from the remainder of such fund then available for distribution on account of accrued interest on such awards as bear interest.

(b) Such payments, and applications for such payments, shall be made in accordance with such regulations as the Secretary of the Treasury shall prescribe.

(c) For the purposes of making any such payments, an "award" shall be deemed to mean the aggregate of all awards certified in favor of the same claimant and payable from the same fund.

(d) With respect to any claim which, at the time of the award, is vested in persons other than the person to whom the claim originally accrued, the Commission may issue a consolidated award in favor of all claimants then entitled thereto, which award shall indicate the respective interests of such claimants therein; and all such claimants shall participate, in proportion to their indicated interests, in the payments provided by this section in all respects as if the award had been in favor of a single person.

SEC. 311. (a) If a corporation or other legal entity has a claim on which an award may be made under this title, no award may be made to any other person under this title with respect to such claim.

(b) A claim based upon an interest, direct or indirect, in a corporation or other legal entity which directly suffered the loss with respect to which the claim is asserted, but which was not a national of the United States at the time of the loss, shall be acted upon without regard to the nationality of such legal entity if at the time of the loss at least 25 per centum of the outstanding capital stock or other beneficial interest in such entity was owned, directly or indirectly, by natural persons who were nationals of the United States

SEC. 312. No award shall be made under this title to or for the benefit of any person who voluntarily, knowingly, and without duress, gave aid to or collaborated with or in any manner served any government hostile to the United States during World War II, or who has been convicted of a violation of any provision of chapter 115, of title 18, of the United States Code, or of any other crime involving disloyalty to the United States.

SEC. 313. Payment of any award made pursuant to section 303 or 305 shall not, unless such payment is for the full amount of the claim, as determined by the Commission to be valid, with respect to which the award is made, extinguish such claim, or be construed to have divested any claimant, or the United States on his behalf, of any rights against the appropriate foreign government or national for the unpaid balance of his claim or for restitution of his property. All awards or payments made pursuant to this title shall be without prejudice to the claims of the United States against any foreign government.

SEC. 314. The action of the Commission in allowing or denying any claim under this title shall be final and conclusive on all questions of law and fact and not subject to review by any other official of the United States or by any court by mandamus or otherwise, and the Comptroller General shall allow credit in the accounts of any certifying or disbursing officer for payments in accordance with such action

SEC. 315. There are hereby authorized to be appropriated such sums as may be necessary to enable the Commission and the Treasury Department to pay their administrative expenses incurred in carrying out their functions under this title.

SEC. 316. The Commission shall complete its affairs in connection with the settlement of claims pursuant to section 305 (a) (1) not later than two years, and all other claims pursuant to this title not later than four years, following the date of enactment of this title, or following the date of enactment of legislation making appropriations to the Commission for the payment of administrative expenses incurred in carrying out its functions under this title, whichever date is later

SEC. 317. (a) The total remuneration paid to all agents, attorneys-at-law or in fact, or representatives, for services rendered on behalf of any claimant in connection with any claim filed with the Commission shall not exceed 10 per centum of the total amount paid under this title on account of such claim, or such greater amount as may be determined pursuant to subsection (b) of this section. Any agreement to the contrary shall be unlawful and void. Whoever, in the United States or elsewhere, demands or receives, on account of services so rendered, any remuneration which, together with all remuneration paid to other persons on account of such services and of which he has notice, is in excess of the maximum permitted by this section, shall be fined not more than $5,000 or imprisoned not more than twelve months, or both.

(b) Not later than three months after the Commission has completed its affairs in connection with the settlement of all claims payable from the fund from which an award is payable, any agent, attorney-at-law or in fact, or representative who believes that the total remuneration for services rendered in connection with the claim upon which such award is made should exceed the maximum otherwise permitted by this

section may, pursuant to such procedure as the Commission shall prescribe by regulation, petition the Commission for an order authorizing the payment of remuneration in excess of such maximum. The Commission shall issue such an order only upon a finding that there exist special circumstances of unusual hardship which require the payment of such excess; and such order shall state the amount of the excess which may so be paid. The determination of the Commission in ruling upon such petition shall be within the sole discretion of the Commission and shall not be subject to review by any court.

SEC. 318. The following provisions of title I shall be applicable to this title: Subsections (b), (c), (d), (e), (h), and (j) of section 4; and subsections (c), (d), (e), and (f) of section 7.

PUBLIC RESOLUTION NUMBERED 36, 76TH CONGRESS

(53 Stat. 1199)

[JOINT RESOLUTION [1] To provide for the adjudication by a Commissioner of claims of American nationals against the Government of the Union of Soviet Socialist Republics

[*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled*, That the President be, and he is hereby, authorized to appoint a Commissioner learned in the law to determine the validity and amounts of the claims of American nationals against the Government of the Union of Soviet Socialist Republics and to fill any vacancy in the same manner that the original appointment was made.

[SEC. 2. The salary of the Commissioner shall be at the rate of $9,000 a year. He shall have a secretary and such additional legal, clerical, and other assistants as may be approved and appointed by the Secretary of State, and at such rates of compensation as may be fixed by him within the limits of appropriated funds. Such persons may be appointed without reference to civil-service laws and rules or the Classification Act of 1923, as amended.

[SEC. 3. The Commissioner shall be allowed the necessary actual expenses of office rent, furniture, stationery, books, printing, travel expenses when on official business outside the city of Washington, and other incidental expenses which he may certify as necessary and which shall be approved by the Secretary of State.

[SEC. 4. Before entering upon his duties the Commissioner shall take a solemn oath faithfully and impartially to examine the claims and to give his decisions in accordance with his best judgment and such principles of law as may be applicable. The decisions of the Commissioner shall be in writing, and shall be final and conclusive as to the merits of all cases decided. No claim within the Commissioner's jurisdiction which shall not have been presented to him within twelve months from the date he enters upon the duties of his office shall be considered by him.

[SEC. 5. (a) The Commissioner shall perform his duties in the city of Washington beginning within a period of fifteen days from the date of his appointment. He shall as soon as practicable make all necessary rules and regulations not inconsistent with this resolution or the laws of the United States, governing the method of procedure before him in carrying into effect the provisions of this resolution.

[(b) For the purpose of any investigation which, in the opinion of the Commissioner, is necessary for carrying out the provisions of this Act, he is empowered to administer oaths and affirmations, subpena witnesses, take evidence, and require the production of books, papers, or other documents which he considers relevant to any case within his jurisdiction. Any person knowingly and willfully swearing or affirming falsely in any such proceedings shall be deemed guilty of perjury and shall, upon conviction, suffer the punishment provided by the laws of the United States for that offense when committed in its courts of justice.

[(c) The attendance of witnesses and the production of documentary evidence may be required from any place in the United States at any designated place of hearing. Any failure to attend as a witness or to testify as a witness or to produce documentary evidence in an appropriate case may be regarded as a contempt of the authority of the Commissioner and shall be punishable in any court of the United States in the same manner as is provided by the laws of the United States for that offense when committed in its courts of justice.

[SEC. 6. The work of the Commissioner shall be completed within two years from the date on which he undertakes the performance of his duties, at which time the authority vested in him by this resolution shall terminate.

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[1] The functions of the Commissioner under this act were transferred to the Foreign Claims Settlement Commission of the United States by Reorganization Plan No. 1 o. 1954, which took effect July 1, 1954.

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[SEC. 7. The Commissioner shall, upon the completion of his work, submit a written report to the Secretary of State. This report shall include a statement of the expenses of the Commissioner, a list of all claims presented to him, and his decision in each case.

[SEC. 8. When the work of the Commissioner is terminated, the records, books, documents, and all property of the United States in the possession of the Commissioner or his staff, shall be turned over to the Secretary of State.

[SEC. 9. Appropriations are hereby authorized for the purpose of carrying into effect the provisions of this resolution, not exceeding $25,000 in any year.

[SEC. 10. Any and all expenditures made in carrying out this resolution shall be a first charge on any moneys which have been received, or may hereafter be received, in settlement of the claims described in section 1.

[Approved, August 4, 1939.]

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84TH CONGRESS } SENATE { REPORT
1st Session } { No. 1051

PROPOSED AGREEMENTS FOR COOPERATION CONCERNING THE CIVIL USES OF ATOMIC ENERGY BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF BELGIUM; THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CANADA; AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, and ordered to be printed

Mr. PASTORE, from the Joint Committee on Atomic Energy, submitted the following

REPORT

On June 15, 1955, the President approved and authorized the execution of a proposed Agreement for Cooperation between Belgium and the United States; a proposed Agreement for Cooperation between Canada and the United States; and a proposed Agreement for Cooperation between the United Kingdom and the United States. On that same day the Atomic Energy Commission deposited these proposed agreements with the Joint Committee.

The Subcommittee on Agreements for Cooperation to which the three proposed agreements for cooperation were referred heard witnesses from the Department of State and the Atomic Energy Commission on the proposed agreements. The Subcommittee on Agreements for Cooperation unanimously concluded and reported to the Joint Committee that the proposed agreements are in conformance with the letter and the spirit of the Atomic Energy Act of 1954.

The Joint Committee, on July 20, 1955, held a meeting, and by unanimous vote adopted the report and conclusions of the Subcommittee on Agreements for Cooperation.

This report is made by the Joint Committee under the provisions of section 202 of the Atomic Energy Act of 1954.

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HEARING

Those who appeared at the executive hearing held by the Subcommittee on Agreements for Cooperation on July 7, 1955, were:

For the Department of State:

C. Burke Elbrick, Deputy Assistant Secretary for European Affairs.

For the Atomic Energy Commission:

Chairman Lewis L. Strauss.
Commissioner Thomas E. Murray.
Mr. K. E. Fields, General Manager.
Mr. William Mitchell, General Counsel.
Mr. John A. Hall, Director of Office of International Affairs.
Dr. W. Kenneth Davis, Director of Reactor Development Division.
Dr. Paul McDaniel, Director of Division of Research.
Mr. Jesse C. Johnson, Director of Division of Raw Materials.
Mr. John A. Waters, Director of Division of Security.

BACKGROUND

In his message to Congress on February 17, 1954, President Eisenhower requested that the Atomic Energy Act of 1946 be amended in several respects. He said in part:

> For the purpose of strengthening the defense and economy of the United States and of the free world, I recommend that the Congress approve a number of amendments to the Atomic Energy Act of 1946. These amendments would accomplish this purpose, with proper security safeguards, through the following means:
>
> First, widened cooperation with our allies in certain atomic energy matters;
> Second, improved procedures for the control and dissemination of atomic energy information; and
> Third, encouragement of broadened participation in the development of peacetime uses of atomic energy in the United States.

In his message he later stated:

> In respect to peaceful applications of atomic energy, these can be developed more rapidly and their benefits more widely realized through broadened cooperation with friendly nations * * *.

In keeping with this Presidential recommendation, the basic revision of the organic atomic energy law passed by the 83d Congress permits, under carefully stated conditions, such cooperation with other free nations.

The report on the Atomic Energy Act of 1954 describes the effect of the revision enabling wider cooperation with friendly nations on the peacetime uses of atomic energy in these words:

> The bill authorizes the negotiations of bilateral agreements for cooperation with foreign nations in the areas of peacetime uses of atomic energy under carefully stipulated safeguards. The Commission may transfer and exchange restricted data dealing with industrial nonmilitary uses of atomic energy. Also, under explicitly stated safeguards, the Commission may transfer to another nation, party to an "agreement for cooperation," atomic materials in quantities needed for the development or utilization of atomic energy for nonmilitary and for research purposes.

THE ATOMIC ENERGY ACT OF 1954 AND THE PROPOSED AGREEMENTS

On August 30, 1954, the Atomic Energy Act of 1954 was signed by the President. The sections of this law concerning bilateral agree-

ments for cooperation with other nations which involve communication of restricted data and the distribution of special nuclear material are as follows:

SEC. 54. FOREIGN DISTRIBUTION OF SPECIAL NUCLEAR MATERIAL.—The Commission is authorized to cooperate with any nation by distributing special nuclear material and to distribute such special nuclear material, pursuant to the terms of an agreement for cooperation to which such nation is a party and which is made in accordance with section 123.

* * * * * * *

SEC. 123. COOPERATION WITH OTHER NATIONS.—No cooperation with any nation or regional defense organization pursuant to sections 54, 57, 64, 82, 103, 104, or 144 shall be undertaken until—

a. the Commission or, in the case of those agreements for cooperation arranged pursuant to subsection 144 (b), the Department of Defense has submitted to the President the proposed agreement for cooperation, together with its recommendation thereon, which proposed agreement shall include (1) the terms, conditions, duration, nature, and scope of the cooperation; (2) a guaranty by the cooperating party that security safeguards and standards as set forth in the agreement for cooperation will be maintained; (3) a guaranty by the cooperating party that any material to be transferred pursuant to such agreement will not be used for atomic weapons, or for research on or development of atomic weapons, or for any other military purpose; and (4) a guaranty by the cooperating party that any material or any Restricted Data to be transferred pursuant to the agreement for cooperation will not be transferred to unauthorized persons or beyond the jurisdiction of the cooperating party, except as specified in the agreement for cooperation;

b. the President has approved and authorized the execution of the proposed agreement for cooperation, and has made a determination in writing that the performance of the proposed agreement will promote and will not constitute an unreasonable risk to the common defense and security; and

c. the proposed agreement for cooperation, together with the approval and the determination of the President, has been submitted to the Joint Committee and a period of thirty days has elapsed while Congress is in session (in computing such thirty days, there shall be excluded the days on which either House is not in session because of an adjournment of more than three days).

* * * * * * *

SEC. 144. INTERNATIONAL COOPERATION.—

a. The President may authorize the Commission to cooperate with another nation and to communicate to that nation Restricted Data on—

(1) refining, purification, and subsequent treatment of source material;

(2) reactor development;

(3) production of special nuclear material;

(4) health and safety;

(5) industrial and other applications of atomic energy for peaceful purposes; and

(6) research and development relating to the foregoing:

Provided, however, That no such cooperation shall involve the communication of Restricted Data relating to the design or fabrication of atomic weapons: *And provided further*, That the cooperation is undertaken pursuant to an agreement for cooperation entered into in accordance with section 123, or is undertaken pursuant to an agreement existing on the effective date of this Act.

Section 123 of the act requires agreements for cooperation to be submitted to the President, together with the recommendations of the Atomic Energy Commission. The agreement must include the terms, conditions, duration, nature, and scope of the cooperation; a guaranty by the cooperating party that security safeguards and standards as set forth in the agreement for cooperation will be maintained; a guaranty by the cooperating party that any material to be transferred pursuant to such agreement will not be used for atomic weapons, or for research on or development of atomic weapons, or for any other military purpose; and a guaranty by the cooperating party that any

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material or any restricted data to be transferred pursuant to the agreement for cooperation will not be transferred to unauthorized persons, or beyond the jurisdiction of the cooperating party, except as specified in the agreement for cooperation. Section 123 also requires the President to approve and authorize execution of a proposed agreement and to make a determination in writing that the performance of the agreement will promote and will not constitute an unreasonable risk to the common defense and security. The term of each of the three agreements for cooperation here considered will be for 10 years.

Finally, section 123 requires that the proposed agreement, together with the determination and approval of the President, be submitted to the Joint Committee and that a period of 30 days elapse while Congress is in session before the agreement may become effective.

The present agreements meet all statutory tests of section 123. Further, they were negotiated, recommended, and approved by the Atomic Energy Commission and the President in accordance with the terms of section 123. On June 15, 1955, they were submitted to the Joint Committee on Atomic Energy and, upon the expiration of the statutory time of 30 days while Congress is in session, they may become effective.

At the hearing, Chairman Lewis L. Strauss, of the Atomic Energy Commission, made the following unclassified statement with respect to these agreements:

Mr. Chairman, as you will recall, Agreements for Cooperation with Canada, the United Kingdom, and Belgium were placed before the Joint Committee on June 15.

These countries, in addition to being our longtime allies, are among the leaders in the development of the uses of atomic energy and, in addition, Canada and Belgium have been, and are, sources of large amounts of raw materials.

The agreements provide for the exchange of information developed in Canada, the United Kingdom, and Belgium and, as such in the opinion of a majority of the Commission, will contribute substantially to the security of the United States and of the peoples of the free world.

I should like to note the similarities of these agreements for cooperation. One common feature, in which they each differ from the 19 research bilaterals with other countries which have been sent to the Joint Committee, is that they provide for the exchange of classified information This, permits the three agreements to be broader in scope than any of the research bilaterals.

However, the agreements also have in common certain overriding limitations. Under no conditions will there be an exchange of restricted data which is primarily of military significance or which relates to the design or manufacture of atomic weapons nor may there be a transfer of materials or equipment and devices which, in the Commission's opinion, are primarily of military significance. Classified information which is exchanged must be relevant to current or projected peaceful programs. Mutually agreed classification policies will be maintained with respect to all information and materials, including equipment and devices, exchanged under these agreements. In accordance with section 123a of the Atomic Energy Act of 1954, each agreement includes a guaranty by the cooperating country that (1) security safeguards and standards prescribed by the security arrangements between the two countries will be maintained; (2) no equipment, material, or device transferred pursuant to the agreement will be used for atomic weapons or for research on or development of atomic weapons, or for any other military purpose; (3) no material, equipment, device, or restricted data transferred pursuant to the agreement will be transferred to any unauthorized person or beyond the jurisdiction of the country receiving it, except as the United States Atomic Energy Commission may agree to such a transfer to another nation, and then only if the transfer of the material or restricted data is within the scope of an agreement for cooperation between the United States and the other nation. The duration of each of the agreements is 10 years.

Although similar in a number of respects, these agreements differ from one another in that they were negotiated with three countries whose needs and whose developments in the atomic energy programs vary significantly.

UNITED KINGDOM AGREEMENT

The exchange of information with the United Kingdom will take place on two levels: the governmental and the private. The extent of the cooperative measures which the two Governments may undertake is limited by the terms of this agreement. Exchanges of information may be made in the fields of reactors, uranium and thorium, properties of materials, technology of production and utilization of materials, and health and safety. However, information to be exchanged by the two Governments regarding reactors will include and be limited (1) to that developed by and for the Atomic Energy Commission and the United Kingdom Atomic Energy Authority, and (2) to that developed by and for American public and private utility groups with the assistance of the Commission and by and for the United Kingdom Electricity Supply Authorities with the assistance of the authority. Moreover, detailed designs, detailed drawings, and applied technology of reactors and of related components, equipment, and devices and information pertaining to the design and operation of pilot plants used in the production and utilization of materials shall not be exchanged except as may be agreed.

On the private level, persons under the jurisdiction of either of the two Governments are permitted to make arrangements for the provision of services and materials, including equipment and devices, to the other Government and to authorized persons under its jurisdiction. The transmission of classified information is permitted in the same fields as those in which it may be communicated by the Governments with this important difference: private organizations with the approval of their respective Governments and as is necessary in connection with arrangements to supply materials and services may communicate information relating to (1) the development, design, construction, operation, and use of research experimental power, demonstration power, and power reactors; (2) the development, design, manufacture, and use of equipment and devices of use in connection with any of the fields in which information may be exchanged.

Unlike both the Canadian and the Belgian agreements, the agreement with the United Kingdom does not call for the sale to that country of enriched uranium for use in reactors. The British acquire uranium ore through the Combined Development Agency, the joint United States and United Kingdom ore-buying agency. From this material they fabricate their own fuel elements.

Materials of interest in connection with any subject of agreed exchange of information may be exchanged for research purposes by the two Governments. When such materials are not available commercially, specific arrangements may be made from time to time for the sale and purchase of materials, other than special nuclear materials, in quantities greater than those required for research. Equipment and devices may also be transferred between the Governments. Specialized research facilities and reactor-testing facilities shall be made available for mutual use consistent with the limits of space, facilities, and personnel conveniently available.

The patent provisions of the United Kingdom bilateral are identical to those of the Canadian agreement.

BELGIAN AGREEMENT

The exchange of information between the Commission and the Government of Belgium is for the purpose primarily of developing atomic power. Information to be exchanged includes general information on the overall progress and economics of power-reactor programs and technological information required for the construction of specific reactors for the Belgian power program. The Commission will receive information developed in the Belgian power program.

Selected security-cleared personnel from Belgium will be permitted to work with and participate in the construction of the PWR reactor at Shippingport, Pa., and such other reactors as may be agreed. The Commission will transmit to the Belgian Government essential information required to enable Belgium to design, construct, and operate a thermal, heterogeneous, pressurized light or heavy water (boiling or nonboiling) reactor if Belgium decides to construct such a reactor. Classified technical information will be communicated by the AEC only when private industry in the United States is permitted to undertake the construction and operation of the same type of reactor, and the Commission must have determined that that specific type of reactor has been sufficiently developed to be of practical value for industrial or commercial purposes.

Research materials will be exchanged when they are not available commercially. Equipment and devices may also be transferred.

This agreement permits private individuals and organizations in the two countries to deal directly with one another. Arrangements may be made on the part

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of persons under the jurisdiction of either Government to provide materials and services for the other Government or authorized persons under its jurisdiction.

The Belgian and Canadian agreements are alike as regards the sale to those countries by the Commission of normal uranium, enriched uranium, and heavy water. However, when fuel elements supplied to the Belgians require reprocessing, such reprocessing shall be performed by the Commission. Belgium will give the AEC the option of purchasing any special nuclear materials produced by Belgium from materials received from the United States and which are in excess of its own program. Belgium has agreed further not to transfer to any country other than the United States or the United Kingdom any special nuclear material produced by it unless the Government of Belgium is assured that the material will not be used for military purposes. The Government of Belgium has also agreed to consult with the United States on the international significance of the transfer of any uranium or thorium ores or special nuclear materials to any country other than the United Kingdom.

The Government of Belgium agrees that it will use its best endeavors to see that the Combined Development Agency will have a first option to purchase 90 percent of the uranium and thorium ores and concentrates produced in Belgium and the Belgian Congo during the calendar years 1956 and 1957, and 75 percent of that produced in 1958, 1959, and 1960. In addition, the Belgian Government will consult with the Commission regarding the possible sale to the Combined Development Agency of ore delivered to Belgium but not required for its own use. In due course, Belgium will evaluate its requirements of uranium and thorium for the 4½-year period of the agreement remaining after calendar year 1960 for the purpose of establishing an agreed percentage of materials which thereafter the Combined Development Agency shall have the first option to purchase. In the event that a diminution of available ore supply in Belgium or the Belgian Congo results in a decline in the rate of production of uranium ore by as much as 80 percent of the rate of production in 1955 and if the strategic stockpiles of special nuclear materials in the United States and United Kingdom have been demilitarized or if the civilian needs in the United States and United Kingdom are covered without limitation by means of production and current imports of uranium ores and concentrates, the Government of Belgium shall have the right to repurchase material equivalent to that delivered to the Commission from Belgian sources during the period of this agreement.

As regards patents, the United States will have all rights, title, and interest within its jurisdiction as to any invention or discoveries made by any person under the jurisdiction of the Belgian Government and as a result of such persons access to restricted data communicated to Belgium under this agreement, provided such invention or discovery is made during the period of this agreement or within 3 years thereafter.

CANADIAN AGREEMENT

The agreement with Canada permits the Commission to exchange classified and unclassified information with appropriate agencies of the Canadian Government. The specific areas of exchange include the development, design, construction, operation, and use of research, production, experimental power, demonstration power, and power reactors, when such a reactor is being operated by the receiving party or is being considered seriously by that party as a source of power or as an intermediate step in a power-production program. Information on reactors the development of which is presently concerned primarily with their military uses will not be exchanged except in the case of military nuclear powerplants in furtherance of the joint Canada-United States defense in the development of an early warning radar network. Information will also be exchanged as regards source materials, materials, health and safety, instruments, instrumentation, and devices.

Research materials not available commercially will be exchanged and research facilities will be made available for mutual use consistent with the limits of space facilities and personnel conveniently available. Equipment and devices may also be transferred.

Under the terms of this agreement, private individuals and private organizations in either the United States or Canada may deal directly with private individuals and private organizations in the other country. The subjects of agreed exchange of information between the two Governments are applicable to private organizations as well. Thus, private concerns may make arrangements to transfer and export materials, including equipment and devices and may perform services for either the Government or authorized private organizations in the other country. It is expected that commercial arrangements permitted by this agreement will be of great benefit to the economies of both countries.

In order to assist Canada with its power-reactor program, the Commission has agreed to sell to Atomic Energy of Canada Limited, a wholly owned corporation of the Government of Canada, such quantities of normal uranium, enriched uranium, and heavy water as may be required for the Canadian program, subject to the needs of the United States program and priority. Enriched uranium to be sold under this agreement will be limited to uranium enriched in U-235 up to a maximum of 20 percent U-235, i. e. not of weapons grade.

Atomic Energy of Canada Limited intends to distribute enriched uranium to authorized users in Canada but it will retain title to any enriched uranium purchases from the Commission until such time as private users in the United States may be permitted to acquire title to enriched uranium.

The Commission will be given a first refusal of any special nuclear materials which the Government of Canada may desire to transfer outside of Canada, where such special nuclear materials have been produced from the irradiation of fuel elements enriched with U-235 purchased from the Commission under the terms of this agreement.

Previously existing understandings and contracts with Atomic Energy of Canada Limited will be continued. These cover the sale of AECL of normal uranium and heavy water for use in the Canadian NRX and NRU reactors, the purchase of plutonium, raw materials collaboration.

Where the Governments of either country own rights in an invention or discovery employing information which has been communicated under this agreement and which has been made after the communication of such information, and during the period of the agreement, each party agrees to transfer and assign all rights to patent in the country of the other, to the extent owned, subject to a royalty-free, nonexclusive, irrevocable license for its own governmental purposes and for purposes of mutual defense.

There follows, as appendix I, the statutory correspondence and the agreement with the Kingdom of Belgium; as appendix II, the statutory correspondence and the agreement with the Dominion of Canada; and as appendix III, the statutory correspondence and the agreement with the United Kingdom.

Joint Committee on Atomic Energy:

CLINTON P. ANDERSON, *Chairman.*
CARL T. DURHAM, *Vice Chairman.*
RICHARD B. RUSSELL.
JOHN O. PASTORE.
ALBERT GORE.
HENRY M. JACKSON.
BOURKE B. HICKENLOOPER.
EUGENE D. MILLIKIN.
WILLIAM F. KNOWLAND.
JOHN W. BRICKER.
CHET HOLIFIELD.
MELVIN PRICE.
PAUL J. KILDAY.
JOHN J. DEMPSEY.
STERLING COLE.
CARL HINSHAW.
JAMES E. VAN ZANDT.
JAMES T. PATTERSON.

Subcommittee on Agreements for Cooperation:

JOHN O. PASTORE, *Chairman.*
CLINTON P. ANDERSON.
BOURKE B. HICKENLOOPER.
JOHN W. BRICKER.
CARL T. DURHAM.
MELVIN PRICE.
STERLING COLE.

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APPENDIXES

Appendix I

AGREEMENT FOR COOPERATION CONCERNING THE CIVIL USES OF ATOMIC ENERGY BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF BELGIUM

Beginning with discussions in 1940 the Government of the United States of America and the Government of Belgium have cooperated with each other in the atomic energy field.

As a result of these discussions, the Belgian Government and the Governments of the United States and the United Kingdom reached a common understanding as to the desirability during World War II, as well as in the future, that all uranium ores wherever located should be subject to effective control for the protection of civilization. To this end, the Government of Belgium undertook to insure effective control of such ores located in all territory subject to its authority.

The Belgian Government has also made available Congo uranium ores to the United States and the United Kingdom through commercial contracts. The Belgian Government further undertook to use its best endeavors to supply such quantities of uranium ores as might be required by the Governments of the United States and the United Kingdom.

The arrangements outlined above were on the understanding that Belgium would reserve for itself such quantities of uranium ores as might be required for its own scientific and industrial purposes. The Belgian Government, however, in deciding to utilize such ores as a source of energy for commercial power would do so in consultation and in agreement with the Governments of the United States and the United Kingdom. The latter on their part, agreed that the Belgian Government should participate on equitable terms in the utilization of these ores as a source of energy for commercial power at such time as the two Governments should decide to employ the ores for this purpose.

Since that time the Government of Belgium has made available to the United States and to the United Kingdom, through commercial contracts, a vitally important quantity of uranium produced in the Belgian Congo and thus has made a unique contribution to the defense of the western world. The United States and the United Kingdom have assisted in the development of the Congo uranium properties and have assisted the Government of Belgium in the establishment of a research and development program the principal objective of which is the realization of the peaceful use of atomic energy. Consequently a special relationship exists between the Government of the United States and the Government of Belgium in the field of atomic energy. While the United States must continue to give priority to the defense aspects of atomic energy, an increasing number of opportunities exist for the development of its peaceful applications. In keeping, therefore, with the special relationship, the Government of the United States of America and the Government of Belgium, the Parties to this Agreement, desire to establish an expanded program of cooperation and have agreed as follows:

Article I

It is the intent of this Agreement that the Government of Belgium will receive from the United States Atomic Energy Commission (hereinafter referred to as the "Commission"), in the field of the peaceful uses of atomic energy, information and materials on terms as favorable as any other major uranium supplying country except Canada.

ARTICLE II—PERIOD OF AGREEMENT

This Agreement shall enter into force on the date of receipt by the Government of Belgium of a notification from the Government of the United States of America that the period of thirty days required by Section 123c of the United States Atomic Energy Act of 1954 has elapsed, and it shall remain in force through July 31, 1965. The Parties will reexamine the bases of this Agreement if world disarmament is realized or if a threat to world peace so requires.

ARTICLE III—EXCHANGE OF INFORMATION

A. With the objective of facilitating the development of peacetime uses of atomic energy, and particularly the development of atomic power, the Government of Belgium and the Commission agree to exchange the following information, subject to the limitations of paragraph C of this Article:

(1) General information on the over-all progress and economics of power reactor programs;

(2) Technological information required for the construction of specific reactors for the Belgian power program in Belgium, the Belgian Congo, and Ruanda-Urundi.

B. The exchange of information provided for in this Article includes the communication to the Commission of information developed in the Belgian power program and will be accomplished through the various means available, such as reports, conferences, and visits to facilities, and shall, subject to the limitations of paragraph C, include the following:

1. The Commission will transmit as needed in the Belgian project information relating to reactors which Belgium intends to construct as a part of its current experimental power and power program and which falls within one or the other of the following areas:

(a) *Specifications for Reactor Materials.* Final form specifications including composition, shape, size and special handling techniques of reactor materials including uranium, heavy water, pile grade graphite, zirconium.

(b) *Properties of Reactor Materials.* Physical, chemical, metallurgical, nuclear and mechanical properties of reactor materials including fuel, moderator and coolant and the effects of the reactor's operating conditions on the properties of these materials.

(c) *Reactor Components.* The design and performance specifications of reactor components but not including the methods of production and fabrication.

(d) *Reactor Physics Technology.* This area includes theory of and pertinent data relating to neutron bombardment reactions, neutron cross sections, criticality calculations, reactor kinetics and shielding.

(e) *Reactor Engineering Technology.* This area includes considerations pertinent to the over-all design and optimization of the reactor and theory and data relating to such problems as reactor stress and heat transfer analysis.

(f) *Environmental Safety Considerations.* This area includes considerations relating to normal reactor radiations and possible accidental hazards and the effect of these on equipment and personnel and appropriate methods of waste disposal and decontamination.

2. The Commission will receive selected security-cleared personnel from Belgium to work with and participate in the construction of the PWR reactor at Shippingport, Pennsylvania, and such other reactors as may be agreed.

3. The Commission will transmit to the Belgian Government all essential information as indicated in subparagraph B1 relating to the objective of making it possible for Belgium to design, construct, and operate a thermal, heterogeneous, pressurized light or heavy water (boiling or non-boiling) reactor if the decision is made on the part of the Belgian Government to construct such a reactor.

4. There will be collaboration with respect to unclassified reactor information and technology and with respect to unclassified information relating to the production of reactor materials such as heavy water, zirconium, and hafnium.

C. 1. The Parties will not exchange Restricted Data under this Agreement relating to design or fabrication of atomic weapons or information which, in the opinion of the Commission, is primarily of military significance; and no Restricted Data concerning the production of special nuclear materials will be exchanged except that concerning the incidental production of special nuclear materials in a power reactor. It is recognized that the Commission may come into possession

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of privately developed and privately owned information and information received from other governments which it is not permitted to exchange. It is also recognized that the Government of Belgium may come into possession of information developed and owned by private persons and industries not having access to information transmitted under this Agreement and information received from other governments which it is not permitted to exchange.

2. a. The Commission will communicate classified technical information required for the construction of any specific reactor only when Belgium is seriously considering the construction of the specific type of reactor in Belgium, the Belgian Congo, or Ruanda-Urundi and when private industry in the United States is permitted to undertake the construction and operation of the same type of reactor. In addition, the Commission will communicate classified information on any specific type of reactor other than those types mentioned in subparagraph B 3 only when, except as may otherwise be agreed, the Commission has made a finding that the specific type of reactor has been sufficiently developed to be of practical value for industrial or commercial purposes.

b. Further, the Commission will communicate classified information pertaining exclusively to any reactor-types, such as submarine, ship, aircraft, and certain package power reactors, the development of which is concerned primarily with their military use, only when, in the opinion of the Commission, these types of reactors warrant peacetime application and as exchange of information on these types of reactors may be mutually agreed.

Article IV—Research Materials

Materials of interest in connection with the subjects of agreed exchange of information as provided in Article III, and under the limitations set forth therein, including source materials, special nuclear materials, byproduct material, other radioisotopes, and stable isotopes will be exchanged for research purposes in such quantities and under such terms and conditions as may be agreed, except as provided in Article VIII, when such materials are not available commercially. These materials for non-research purposes may be supplied by one Party to this Agreement to the other as provided in Article VII.

Article V—Transfer of Equipment and Devices

With respect to the subjects of agreed exchange of information as provided in Article III, and under the limitations set forth therein, equipment and devices may be transferred from one party to the other under such terms and conditions as may be agreed, except as provided in Article VIII. It is recognized that such transfers will be subject to limitations which may arise from shortages of supplies or other circumstances existing at the time.

Article VI—Other Arrangements for Materials, Including Equipment and Devices, and Services

It is contemplated that, as provided in this Article, private individuals and private organizations in either the United States or Belgium may deal directly with private individuals and private organizations in the other country. Accordingly, with respect to the subjects of agreed exchange of information as provided in Article III, and under the limitations set forth therein, persons under the jurisdiction of either the Government of the United States or the Government of Belgium will be permitted to make arrangements to transfer and export materials, including equipment and devices, to and perform services for the other Government and such persons under its jurisdiction as are authorized by the other Government to receive and possess such materials and utilize such services, subject to:

(a) The limitation in Article VIII;

(b) Applicable laws, regulations and license requirements of the Government of the United States and of the Government of Belgium;

(c) The approval of the Government to which the person is subject when the materials or services are classified or when the furnishing of such materials and services requires the communication of classified information.

Article VII—Non-Research Quantities of Materials

A. 1. The Commission will sell to the Government of Belgium under such terms and conditions as may be agreed such quantities of uranium enriched in

the isotope U–235 as Belgium may require during the period of this Agreement for use in research and power reactors located in Belgium, the Belgian Congo, and Ruanda-Urundi, subject to any limitations in connection with quantities of such material available for such distribution by the Commission during any year, and subject to the limitation that the quantity of uranium enriched in the isotope U–235 of weapon quality in the possession of Belgium by reason of transfer under this Agreement shall not, in the opinion of the Commission, be of military significance. It is agreed that the uranium enriched in the isotope U–235 which the Commission will sell to Belgium under this Article will be limited to uranium enriched in the isotope U–235 up to a maximum of 20 percent U–235. It is understood and agreed that although Belgium will distribute uranium enriched in the isotope U–235 to authorized users in Belgium, the Belgian Congo, and Ruanda-Urundi, the Government of Belgium will retain title to any uranium enriched in the isotope U–235 which is purchased from the Commission until such time as private users in the United States are permitted to acquire title to uranium enriched in the isotope U–235.

2. It is agreed that when any fuel elements received from the United States or any fuel elements fabricated from uranium of normal isotopic composition or uranium enriched in the isotope U–235 received from the United States require reprocessing, such reprocessing shall be performed by the Commission on terms and conditions to be later agreed; and it is understood, except as may be agreed, the form and content of the irradiated fuel elements shall not be altered after their removal from the reactor and prior to delivery to the Commission for reprocessing.

B. The Commission will sell to Belgium under such terms and conditions as may be agreed such quantities of uranium of normal isotopic composition as Belgium may require, and to the extent practical in such form as Belgium may request, during the period of this Agreement, for use in research and power reactors located in Belgium, the Belgian Congo, and Ruanda-Urundi, subject to the availability of supply and the needs of the United States program.

C. The Commission shall have an option to purchase any special nuclear materials produced in Belgium, the Belgian Congo, or Ruanda-Urundi, from materials sold in accordance with A and B of this Article and which are in excess of Belgium's need for such materials in its program for the peacetime use of atomic energy. Belgium agrees not to transfer to any country other than the United States or the United Kingdom any special nuclear materials produced in Belgium, the Belgian Congo, or Ruanda-Urundi unless the Government of Belgium is given assurance that the material will not be used for military purposes, and the Government of Belgium agrees to consult with the United States on the international significance of any proposed transfer of any uranium and thorium ores or special nuclear materials to any country other than the United Kingdom.

D. The Commission will sell to Belgium, under such terms and conditions as may be agreed, such quantities of heavy water as Belgium may require, during the period of this Agreement, for use in research and power reactors located in Belgium, the Belgian Congo, and Ruanda-Urundi, subject to the availability of supply and the needs of the United States program.

E. 1. It is agreed that existing commercial contracts between the Combined Development Agency and the African Metals Corporation, acting for the producing company (Union Miniere du Haut Katanga), for the sale of uranium ores and concentrates to said Agency shall continue in effect until their expiration as provided in these contracts.

2. The Government of Belgium will use its best endeavors to see that the Combined Development Agency will have a first option to purchase:

(a) 90 percent of the uranium and thorium ores and concentrates produced in Belgium and the Belgian Congo during calendar years 1956 and 1957.

(b) 75 percent of the uranium and thorium ores and concentrates produced in Belgium and the Belgian Congo during calendar years 1958, 1959, and 1960.

3. In addition to the percentage stated in the foregoing schedule with respect to any calendar year, this option shall also extend to such additional quantities of uranium ores and concentrates to provide for the production of the materials sold to Belgium by the Commission in accordance with paragraphs A and B of this Article during any such year. The formulae for the purpose of making computations required to give effect to this provision are:

(a) 102 kilograms of contained elemental uranium in the form of ore or ore concentrates will provide for 100 kilograms of elemental uranium of natural isotopic composition in the form of purified metal or compounds.

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(b) The preparation of uranium enriched in U–235 content will be assumed to be accomplished by the isotopic separation of uranium of natural isotopic composition into enriched material having the required U–235 content and depleted material having a U–235 content of 0.4 percent.

4. If the Belgian Government does not require for its own use all or part of the uranium and thorium ores produced in Belgium and the Belgian Congo during the foregoing period and which are not covered by the options in subparagraphs E 2 and E 3, it will consult with the Commission concerning the sale of such uranium and thorium ores to the Combined Development Agency.

5. Belgium will in due course evaluate its requirements of uranium and thorium ores and concentrates for the period of this Agreement remaining after calendar year 1960, and the Parties hereto will consult with each other for the purpose of establishing an agreed percentage of such materials which the Combined Development Agency shall have the first option to purchase.

6. It is agreed that the Government of Belgium shall be kept informed of the division, between the United States and the United Kingdom, of uranium and thorium ores and concentrates sold to the Combined Development Agency in accordance with this Agreement. Belgium agrees that if so requested by the Commission and the United Kingdom Atomic Energy Authority, the options to the Combined Development Agency in subparagraphs 2, 3, 4 and 5 of this paragraph may be exercised as follows:

(a) Through a contract or contracts with either the Commission or the United Kingdom Atomic Energy Authority; or

(b) Through a contract or contracts with the Commission and a contract or contracts with the United Kingdom Atomic Energy Authority.

7. (a) If before the termination of this Agreement (1) the diminution of available ore supply results in a decline in the rate of production of uranium ores and concentrates in Belgium and the Belgian Congo by as much as 80 (eighty) percent of the rate of production in 1955 and (2) if the strategic stockpiles of special nuclear material in the United States and the United Kingdom have been demilitarized or if the civilian needs in the United States and the United Kingdom are covered without limitation by means of production and current imports of uranium ores and uranium concentrates, the Government of Belgium shall have the right to purchase from the Commission on such terms as are agreed a total quantity of material, in the form and manner described in (b) of this subparagraph, as is equivalent to the total quantity of uranium ores and concentrates sold under and during the period of this Agreement (1) to the Combined Development Agency, and acquired by the Commission, and (2) directly to the Commission if uranium ores and concentrates are sold to the Commission in accordance with paragraph 6 of this Article.

(b) (1) At the election of the Combined Development Agency or the Commission, whichever is appropriate, the material so sold to the Government of Belgium may be in the form of ores and concentrates or uranium of normal isotopic composition in the form of purified metals or compounds or any combination of these.

(2) In determining that quantity of one of the materials which is equivalent to a given quantity of another, the formulae in paragraph E 3 (a) shall be used.

(3) The material shall be delivered within five years after this provision comes into effect in accordance with an agreed schedule of deliveries.

F. As may be necessary and as mutually agreed in connection with the subjects of agreed exchange of information as provided in Article III, and under the limitations set forth therein, specific arrangements may be made from time to time between the Parties for lease, or sale and purchase, of quantities of materials, other than special nuclear materials, greater than those required for research, under such terms and conditions as may be mutually agreed, except as provided in Article VIII.

Article VIII—Materials and Facilities Primarily of Military Significance

It is agreed that the Commission will not transfer any materials under Article IV or Article VII F and will not transfer or permit the export of any materials or equipment and devices under Articles V and VI if such materials or equipment and devices are in the opinion of the Commission primarily of military significance.

Article IX—Patents

The United States shall have all rights, title, and interest within its jurisdiction as to any inventions or discoveries made by any person under the jurisdiction of

the Belgian Government as a result of such person's access to Restricted Data communicated to Belgium under this Agreement, provided such invention or discovery is made during the period of this Agreement or within three years thereafter.

ARTICLE X—SECURITY

A. The criteria of security classification established by the Commission shall be applicable to all information and material, including equipment and devices, exchanged under this Agreement. The Commission will keep the Government of Belgium informed concerning these criteria and any modifications thereof, and the Parties will consult with each other from time to time concerning the practical application of these criteria.

B. It is agreed that all information and material, including equipment and devices, which warrant a classification in accordance with paragraph A of this Article shall be safeguarded in accordance with the security safeguards and standards prescribed by the security arrangements between the Government of the United States, represented by the Commission, and the Government of Belgium in effect on June 15, 1955.

C. It is agreed that the recipient Party of any material, including equipment and devices, and of any classified information under this Agreement shall not further disseminate such information or transfer such material, including equipment and devices, to any other country without the written consent of the originating country. It is further agreed that neither Party to this Agreement will transfer to any other country any equipment or device, the transfer of which would involve the disclosure of any classified information received from the other Party, without the written consent of such other Party.

ARTICLE XI—GUARANTIES PRESCRIBED BY THE UNITED STATES ATOMIC ENERGY ACT OF 1954

The Government of Belgium guarantees that:

A. The security safeguards and standards prescribed by the security arrangements between the Government of the United States, represented by the Commission, and the Government of Belgium in effect on June 15, 1955, will be maintained with respect to all classified information and materials, including equipment and devices, exchanged under this Agreement.

B. No material, including equipment and devices, transferred to Belgium by purchase or otherwise pursuant to this Agreement will be used for atomic weapons, or for research on or development of atomic weapons, or for any other military purpose.

C. No material, including equipment and devices, or any Restricted Data transferred to Belgium pursuant to this Agreement will be transferred to unauthorized persons or beyond the jurisdiction of the Government of Belgium except as the Commission may agree to such a transfer to another nation, and then only if the transfer of the material or Restricted Data is within the scope of an agreement for cooperation between the United States and the other nation.

ARTICLE XII—DEFINITIONS

For purposes of this Agreement:

A. "Atomic weapon" means any device utilizing atomic energy, exclusive of the means for transporting or propelling the device (where such means is a separable and divisible part of the device), the principal purpose of which is for use as, or for development of, a weapon, a weapon prototype, or a weapon test device.

B. "Byproduct material" means any radioactive material (except special nuclear material) yielded in or made radioactive by exposure to the radiation incident to the process of producing or utilizing special nuclear material.

C. "Classified" means a security designation of "Confidential" or higher applied, under the laws and regulations of either the Government of Belgium or the Government of the United States, to any data, information, materials, services or any other matter, and includes "Restricted Data".

D. "Combined Development Agency" means the contracting Agency which acts on behalf of the United States and the United Kingdom with respect to the purchase of uranium and thorium ores and concentrates.

E. "Equipment and devices" and "equipment or device" means any instrument, apparatus, or facility and includes any facility, except an atomic weapon, capable of making use of or producin special nuclear material and component parts thereof.

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F. "Person" means any individual, corporation, partnership, firm, association, trust, estate, public or private institution, group, government agency or government corporation but does not include the Parties to this Agreement.

G. "Reactor" means an apparatus, other than an atomic weapon, in which a self-supporting fission chain reaction is maintained by utilizing uranium, plutonium, or thorium, or any combination of uranium, plutonium, or thorium.

H. "Restricted Data" means all data concerning (1) design, manufacture, or utilization of atomic weapons; (2) the production of special nuclear material; or (3) the use of special nuclear material in the production of energy, but shall not include data declassified or removed from the category of Restricted Data by the appropriate authority.

I. "Special nuclear material" means (1) plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material which the Government of Belgium or the Commission determines to be special nuclear material; or (2) any material artificially enriched by any of the foregoing.

ARTICLE XIII—EXISTING ARRANGEMENTS

This Agreement shall supersede all existing arrangements between the Parties concerning atomic energy matters (1) except insofar as these arrangements are reflected in commercial contracts, the continuation of which is provided for in Article VII E I, (2) except any contracts between the Commission and the Government of Belgium which by their terms provide otherwise, and (3) except any arrangements with regional defense organizations of which the Government of Belgium is a member.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed pursuant to duly constituted authority

DONE at Washington in duplicate this 15th day of June 1955, in the English and French languages, but in any case in which divergence between the two versions results in different interpretations the English version shall be given preference.

For the Government of the United States of America:

[s] ROBERT MURPHY
[s] LEWIS L. STRAUSS

For the Government of Belgium:

[s] SILVERCRUYS

UNITED STATES ATOMIC ENERGY COMMISSION,
Washington 25, D. C., June 15, 1955.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: The Atomic Energy Commission recommends that you approve the attached Agreement for Cooperation Concerning the Civil Uses of Atomic Energy Between the Government of Belgium and the Government of the United States of America, and authorize its execution by appropriate authorities of the United States Atomic Energy Commission and the Department of State.

There exists a special relationship between the Government of Belgium and the Government of the United States in the field of atomic energy and, beginning with discussions initiated in 1940, the two Governments have closely cooperated with each other in this field. Under an arrangement made in 1944, the Belgian Government agreed with the Governments of the United States and the United Kingdom that all uranium ores wherever located should be subject to effective control for the protection of civilization, and the Government of Belgium undertook to insure the effective control of such ores located in all territories subject to its authority. The Belgian Government also agreed that all uranium ores in the Belgian Congo, including ore from the rich Shinkolobwe Mine, should be made available to the United States and the United Kingdom through commercial contracts, and that it would use its best endeavors to supply such quantities of uranium ores as might be required by the Governments of the United States and the United Kingdom. The Governments of the United States and of the United Kingdom, on their part, agreed that the Belgian Government should participate on equitable terms in the utilization of these ores as a source of energy for commercial power at such time as the two Governments should decide to employ the ores for this purpose.

Since the 1944 arrangement, the Government of Belgium, through commercial contracts, has made available to the United States and to the United Kingdom a vitally important quantity of uranium produced in the Belgium Congo. This has constituted a unique contribution to the defense of the Western World and to our strength as a nation dedicated to the preservation of peace and freedom.

In addition to being the principal foreign supplier of uranium, Belgium's interest in atomic energy is also evident in its strong scientific and technical community. This interest led in 1950 to the appointment of an Atomic Energy Commissioner to coordinate the country's atomic energy programs, and current plans call for work in both the research and power fields. The United States now has the opportunity to assist Belgium in these programs, and thus materially express our gratitude for the great contribution the Belgians have made to our common defense and security.

The proposed agreement calls for an exchange of classified and unclassified information relating to the development of peaceful uses of atomic energy and, particularly, the development of atomic power, including general information in the overall progress and economics of power reactor programs and technological information required for the construction of specific reactors for the Belgian program in Belgium, the Belgian Congo, and Ruanda-Urundi, and other specified reactor information. The agreement also provides for an exchange of research materials not available commercially, and for the transfer of equipment and devices. However, the parties will not exchange restricted data under the agreement relating to design or fabrication of atomic weapons or information which, in the opinion of the Commission, is primarily of military significance; and no restricted data concerning the production of special nuclear materials will be exchanged except that concerning the incidental production of special nuclear materials in a power reactor. Further, the Commission will not transfer any materials or equipment and devices which in the opinion of the Commission are primarily of military significance.

It is provided in the proposed agreement that the Commission will sell to the Government of Belgium such quantities of uranium enriched in the isotope U–235 as Belgium may require, during the period of this agreement, for use in research and power reactors located in Belgium, the Belgian Congo, and Ruanda-Urundi, subject to any limitations in connection with quantities of such material available for such distribution by the Commission during any year, and subject to the further limitation that the quantity of uranium enriched in the isotope U–235 of weapon quality in the possession of Belgium by reason of transfer under the agreement shall not, in the opinion of the Commission, be of military significance. Enriched uranium to be sold under the agreement will be limited to uranium enriched in the isotope U–235 up to a maximum of 20 percent U–235. The Government of Belgium, on its part, will give to the Commission an option to purchase any special nuclear materials produced in Belgium, the Belgian Congo, or Ruandi-Urundi, from materials purchased from the Commission and which are in excess of Belgium's need in its program for the peacetime uses of atomic energy. The agreement also provides for the continuance of existing commercial contracts relating to the sale of uranium ores and concentrates; and the Government of Belgium undertakes to use its best endeavors to see that the Combined Development Agency (a contracting agency which acts on behalf of the United States and the United Kingdom with respect to the purchase of uranium and thorium ores and concentrates) will have a first option to purchase 90 percent of the uranium and thorium and concentrates produced in Belgium and the elgian Congo during calendar years 1956 and 1957, and 75 percent of such ores and concentrates produced during the calendar years 1958, 1959, and 1960. Belgium also agrees to evaluate its requirements of uranium and thorium ore concentrates for the period of the agreement remaining after calendar year 1960 and to consult with the United States for the purpose of establishing an agreed percentage of materials which thereafter the Combined Development Agency shall have the first option to purchase. Equitable consideration has led to incorporating in the agreement a formula whereby the Government of Belgium may repurchase material in the event the diminution of available ore supply results in a decline in the rate of production of uranium ores and concentrates in Belgium and the Belgian Congo by as much as 80 percent of the rate of production in 1955 and if the strategic stockpiles of special nuclear material in the United States and the United Kingdom have been demilitarized.

The proposed agreement is in keeping with the previous undertaking of the United States that the Belgian Government should participate on equitable terms in the utilization of uranium ores as a source of energy for commercial power

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when the decision was made to employ the ores for this purpose. It represents, in the opinion of the Commission, an important step in advancing the development of the peaceful uses of atomic energy in Belgium, in accordance with the policy which you have established concerning such development in the free nations of the world. The consideration and benefit which will flow to the United States is very real, and the proposed agreement will further solidify the friendship we now enjoy with Belgium. Its performance will materially assist in assuring the continuance of peace and freedom in our countries and throughout the Western World.

Respectfully,

LEWIS L. STRAUSS, *Chairman.*

THE WHITE HOUSE,
Washington, June 15, 1955.

The Honorable L. L. STRAUSS,
Chairman, Atomic Energy Commission,
Washington, D. C.

DEAR MR. STRAUSS: Under date of June 15, 1955, the Atomic Energy Commission recommended that I approve a proposed agreement for cooperation concerning the civil uses of atomic energy between the Government of Belgium and the Government of the United States of America.

The Commission's letter of recommendation refers to the special relationship between Belgium and the United States in the atomic energy field and to the arrangements which have been in effect since 1944 with respect to uranium ores from the Belgian Congo. The Commission's letter also states that the important quantity of uranium made available by the Government of Belgium has constituted a unique contribution to the defense of the free world and to our strength as a nation dedicated to the preservation of peace and freedom.

I am in complete accord with the Commission's view concerning the importance of the Belgian contribution, and take this opportunity to ask that you personally convey the gratitude of our people to the appropriate representatives of the Belgian Government.

I have examined the agreement recommended. It calls for an exchange of classified and unclassified information relating to the development of peaceful uses of atomic energy and particularly to the development of atomic power, for the exchange of research materials not available commercially, and for the transfer of equipment and devices. It is provided, however, that the parties to the agreement will not exchange restricted data relating to the design or fabrication of atomic weapons or information which, in the opinion of the Commission, is primarily of military significance. Further, no restricted data concerning the production of special nuclear material will be exchanged, except that concerning the incidental production of such material in a power reactor; nor will the Commission transfer any materials or equipment or devices which, in the opinion of the Commission, are primarily of military significance.

It is also provided in the recommended agreement that the Commission will sell special nuclear material to the Government of Belgium in such quantities as may be required during the term of the agreement for use in research and power reactors located in Belgium, the Belgian Congo, and Ruanda-Urundi, subject to any limitations in connection with quantities of such material available for distribution during any year and the further limitation that the quantity of material of weapons quality in possession of Belgium by reason of transfer under the agreement shall not be of military significance.

The benefits which the United States will receive in the performance of the proposed agreement are substantial. Belgium, on its part, will give the Commission an option to purchase special nuclear materials produced in Belgian reactors from materials purchased from the Commission which are in excess of Belgium's need in its program for the peacetime uses of atomic energy. The agreement also provides for the continuance of commercial contracts relating to the sale of uranium ores and concentrates, and Belgium undertakes to use its best endeavors to see that the Combined Development Agency will have a first option on a large percentage of ores and concentrates produced through calendar year 1960.

In addition to the benefits which the United States will receive, the proposed agreement responds to a previous undertaking by the United States that the Belgian Government should participate on equitable terms in the utilization of uranium ores as a source of energy for commercial power.

Accordingly, pursuant to the provisions of section 123 of the Atomic Energy Act of 1954 and upon the recommendation of the Atomic Energy Commission, I hereby—

(1) Approve the within proposed agreement for cooperation between the Government of the United States and the Government of Belgium concerning the civil uses of atomic energy;

(2) Determine that the performance of the proposed agreement will promote and will not constitute an unreasonable risk to the common defense and security of the United States; and

(3) Authorize the execution of the proposed agreement for the Government of the United States by appropriate authorities of the United States Atomic Energy Commission and the Department of State.

Sincerely,

(s) DWIGHT EISENHOWER.

UNITED STATES ATOMIC ENERGY COMMISSION,
Washington 25, D. C., June 15, 1955.

Hon. CLINTON P. ANDERSON,
Chairman, Joint Committee on Atomic Energy,
Congress of the United States.

DEAR SENATOR ANDERSON: Pursuant to section 123 (c) of the Atomic Energy Act of 1954 there is submitted with this letter:

(1) A proposed Agreement for Cooperation with the Government of Belgium;

(2) A letter dated June 15, 1955, from the Commission to the President, recommending his approval of the proposed agreement;

(3) A letter dated June 15, 1955, from the President to the Commission approving the proposed agreement, authorizing its execution, and containing his determination that the proposed agreement will promote and will not constitute an unreasonable risk to the common defense and security.

This proposed agreement for cooperation calls for the exchange of classified and unclassified information and material, including restricted data, and is more extensive in scope than the unclassified research agreements which previously have been submitted to this session of the Congress.

The arrangement contained in the proposed agreement results from the special relationship which exists between Belgium and the United States in the atomic energy field.

Sincerely yours,

LEWIS L. STRAUSS, *Chairman.*

APPENDIX II

AGREEMENT FOR COOPERATION CONCERNING CIVIL USES OF ATOMIC ENERGY BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CANADA

The Government of the United States of America, represented by the United States Atomic Energy Commission (hereinafter referred to as the "Commission"), and the Government of Canada, through its wholly-owned Corporations, Eldorado Mining and Refining Limited and Atomic Energy of Canada Limited, have for several years been engaged in atomic energy programs within their respective countries and from the inception of these programs have collaborated closely in certain areas. The principal objective of Canada's atomic energy program is the civil use of atomic energy and, in particular, the use of atomic energy as a source of electric energy. The objective of the atomic energy program in the United States is twofold: (1) the use of atomic energy for peaceful purposes, and (2) the use of atomic energy for defense purposes. There exists a unique tradition of cooperation between Canada and the United States. Based on similar national interests, this cooperation produces special industrial and economic interrelationships. Consequently, progress in each country toward the full benefits of the peaceful uses of atomic energy will be accelerated through an arrangement which is consistent with the cooperation existing in other areas. Accordingly, the Government of the United States of America and the Government of Canada, the parties to this Agreement, agree, as provided herein, to assist each other in

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the achievement of the objectives of their respective atomic energy programs to the extent such assistance is relevant to current or projected programs and subject to applicable laws of the respective governments and the availability of material and personnel. While for the present and for the foreseeable future priority of materials and personnel must be given to defense needs, an increasing number of opportunities exist for the development of the peaceful applications of atomic energy. It is expressly understood that the design, fabrication, disposition, or utilization of atomic weapons are outside the scope of this Agreement.

Article I—Period of Agreement

This Agreement shall enter into force on the date of receipt by the Government of Canada of a notification from the Government of the United States of America that the period of thirty days required by Section 123c of the United States Atomic Energy Act of 1954 has elapsed, and it shall remain in force through July 31, 1965.

Article II—Exchange of Information

Classified and unclassified information will be exchanged between the Commission and the appropriate agencies of the Government of Canada with respect to the application of atomic energy to peaceful uses, including research and development relating thereto, and including problems of health and safety. There are set forth in this Article the specific fields in which classified information will be exchanged. The exchange of information provided for in this Article will be accomplished through the various means available, including reports, conferences, and visits to facilities.

A. *Limitations*

Of the information which is classified, only that relevant to current or projected programs will be exchanged. The parties to the Agreement will not exchange Restricted Data under this Agreement which, in the opinion of either country, is primarily of military significance, or exchange Restricted Data relating to the design or fabrication of atomic weapons. Within the subject matter of this Agreement, the parties may come into possession of privately developed and privately owned information and information received from other governments which the parties are not permitted to exchange.

It is mutually understood and agreed that, except as limitations are stated to apply specifically to one party or the other, any limitations to cooperation imposed pursuant to this Agreement shall be reciprocal.

B. *Reactors*

(1) Information on the development, design, construction, operation and use of research, production, experimental power, demonstration power, and power reactors, except as provided in Paragraph A and (2) and (3) of this paragraph.

(2) The development of submarine, ship, aircraft, and certain package power reactors is presently concerned primarily with their military uses. Accordingly, it is agreed that the parties to this Agreement will not communicate to each other under this Agreement Restricted Data pertaining primarily to such reactors, until such time as these types of reactors warrant civil application, and as the exchange of information on these types of reactors may be mutually agreed. Restricted Data pertaining to the adaptation of these types of reactors to military use, however, will not be exchanged under this Agreement. Likewise, the parties to the Agreement will not exchange under this Agreement Restricted Data pertaining primarily to any future reactor-types the development of which may be concerned primarily with their military use, until such time as these types of reactors warrant civil application and as exchange of information on these types of reactors may be mutually agreed; and Restricted Data pertaining to the adaptation of these types of reactors to military use will not be exchanged under this Agreement. Nevertheless, information pertaining to military nuclear power plants in furtherance of the joint Canada-United States defense effort in the development of an early-warning radar network may be exchanged.

(3) It is agreed that neither of the parties to this Agreement will exchange Restricted Data on any specific production, experimental power, demonstration power, and power reactor, unless that type of reactor is being operated currently by the other party, or is being considered seriously for construction by the other party as a source of power or as an intermediate step in a power production program. There will, however, be exchanged such general information on design and characteristics of various types of reactors as is required to permit evaluation and comparison of their potential use in a power production program.

C. *Source Materials*

Geology, exploration techniques, chemistry and technology of extracting uranium and thorium from their ores and concentrates, the chemistry, production technology, and techniques of purification and fabrication of uranium and thorium compounds and metals, including design, construction and operation of plants, except as provided in Paragraph A.

D. *Materials*

(1) Physical, chemical and nuclear properties of all elements, compounds, alloys, mixtures, special nuclear materials, by-product material, other radioisotopes, and stable isotopes and their behavior under various conditions, except as provided in Paragraph A.

(2) Technology of production and uti'ization, from laboratory experimentation and theory of production up to pilot plant operations (but not including design and operation of pilot plants and full scale plants, except as may be agreed), of all elements, compounds, alloys, mixtures, special nuclear material, by-product material, other radioisotopes, and stable isotopes, relevant to and subject to the limitations of Paragraphs B, E, and F of this Article, except as provided in Paragraph A and (a), (b), (c), and (d) of this subparagraph.

(a) The Commission will not communicate Restricted Data pertaining to design, construction and operation of production plants for the separation of U–235 from other uranium isotopes. The Commission, however, will supply the Government of Canada with uranium enriched in U–235 as provided in Article III A and Article VI.

(b) The Commission will not communicate Restricted Data on the design, construction and operation of specific production plants for the separation of deuterium from the other isotopes of hydrogen until such time as the Government of Canada shall determine that the construction of such plants is required. The Commission will, however, supply the Government of Canada with heavy water as provided in Article III A and Article VI.

(c) No Restricted Data will be exchanged pertaining to the design, construction and operation of production plants for the separation of isotopes of any other element, except as may be agreed.

(d) No Restricted Data will be exchanged pertaining to the underlying principles, theory, design, construction and operation of facilities, other than reactors, capable of producing significant quantities of isotopes by means of nuclear reactions, except as may be agreed.

E. *Health and Safety*

The entire field of health and safety as related to this Article. In addition, those problems of health and safety which affect the individual, his environment, and the civilian population as a whole and which arise from nuclear explosion (excluding such tests data as would permit the determination of the yield of any specific weapon or nuclear device and excluding any information relating to the design or fabrication of any weapon or nuclear device), and except as provided in Paragraph A.

F. *Instruments, Instrumentation and Devices*

Development, design, manufacture, and use of equipment and devices of use in connection with the subjects of agreed exchange of information provided in this Article, except as provided in Paragraph A.

Article III—Research Materials and Research Facilities

A. *Research Materials*

Materials of interest in connection with the subjects of agreed exchange of information as provided in Article II, and under the limitations set forth therein, including source materials, special nuclear material, byproduct material, other radioisotopes, and stable isotopes, will be exchanged for research purposes in such quantities and under such terms and conditions as may be agreed, except as provided in Article VII, when such materials are not available commercially. These materials for non-research purposes may be supplied by one party of this Agreement to the other as provided in Article VI.

B. *Research Facilities*

Under such terms and conditions as may be agreed, and to the extent as may be agreed, specialized research facilities and reactor testing facilities will be made available for mutual use consistent with the limits of space, facilities and personnel conveniently available, except that it is understood that the Commission will not be able to permit access by Canadian personnel to facilities which, in the opinion of the Commission, are primarily of military significance.

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Article IV—Transfer of Equipment and Devices

With respect to the subjects of agreed exchange of information as provided in Article II, and under the limitations set forth therein, equipment and devices may be transferred from one party to the other to the extent and under such terms and conditions as may be agreed, except as provided in Article VII. It is recognized that such transfers will be subject to limitations which may arise from shortages of supplies or other circumstances existing at the time.

Article V—Other Arrangements for Materials, Including Equipment and Devices and Services

It is contemplated that, as provided in this Article, private individuals and private organizations in either the United States or Canada may deal directly with private individuals and private organizations in the other country. Accordingly, with respect to the subjects of agreed exchange of information as provided in Article II, and under the limitations set forth therein, persons under the jurisdiction of either the Government of the United States of America or the Government of Canada will be permitted to make arrangements to transfer and export materials, including equipment and devices, to and perform services for the other government and such persons under the jurisdiction of the other government as are authorized by the other government to receive and possess such materials and utilize such services, subject to:

(a) The limitation in Article VII;

(b) Applicable laws, regulations and license requirements of the Government of the United States of America and the Government of Canada.

(c) The approval of the government to which the person is subject when the materials or services are classified or when the furnishing of such materials and services requires the communication of classified information

Article VI—Non-Research Quantities of Materials

A. The Commission will sell to Atomic Energy of Canada Limited, a wholly-owned corporation of the Government of Canada, under such terms and conditions as may be agreed, such quantities of uranium enriched in the isotope U–235 as may be required in the power reactor program in Canada during this period, subject to any limitations in connection with the quantities of such material available for such distribution by the Commission during any year, and subject to the limitation that the quantity of uranium enriched in the isotope U–235 of weapon quality in the possession of Atomic Energy of Canada Limited by reason of transfer under this Agreement shall not, in the opinion of the Commission, be of military significance. It is agreed that the uranium enriched in the isotope U–235 which the Commission will sell to Atomic Energy of Canada Limited under this Article will be limited to uranium enriched in the isotope U–235 up to a maximum of 20 percent U–235. It is understood and agreed that, although Atomic Energy of Canada Limited intends to distribute uranium enriched in the isotope U–235 to authorized users in Canada, Atomic Energy of Canada Limited will retain title to any uranium enriched in the isotope U–235 which is purchased from the Commission until such time as private users in the United States are permitted to acquire title to uranium enriched in the isotope U–235.

The Government of Canada, or its appropriate agent, will give to the Commission a first refusal of any special nuclear materials which the Government of Canada may desire to transfer outside of Canada, where such special nuclear materials have been produced from the irradiation of fuel elements enriched with U–235 purchased from the Commission under the terms of this Agreement.

In addition, any special nuclear material transferred by Atomic Energy of Canada Limited to the United States may be retransferred to Canada on such terms and conditions as may be agreed.

B. The Commission will continue the present understanding with Atomic Energy of Canada Limited, a wholly-owned corporation of the Government of Canada, covering the sale of uranium of normal isotopic composition for use in the NRX and NRU reactors.

The Commission will also sell to Atomic Energy of Canada Limited such quantities of uranium of normal isotopic composition, and to the extent practical in such form, as may be required for the power reactor program in Canada and under such terms and conditions as may be agreed, subject to the availability of supply and the needs of the United States program.

C. The Commission will continue the present understanding with Atomic Energy of Canada Limited, a wholly-owned corporation of the Government of Canada, covering the sale of heavy water for use in the NRX and NRU reactors. The Commission will also sell to Atomic Energy of Canada Limited, under such terms and conditions as may be agreed, such quantities of heavy water as may be required in the power reactor program in Canada, subject to the availability of supply and the needs of the United States program.

D. It is understood and agreed that the existing contract between the Commission and Atomic Energy of Canada Limited relating to the sale of plutonium, and extensions thereof, will continue in full force and effect.

E. Collaboration between the two countries in the field of raw materials has resulted in the development of substantial uranium production in Canada which has been made available to the United States under arrangements and contracts now in effect. These arrangements and contracts shall remain in full force and effect except as modified or revised by mutual agreement.

F. As may be necessary and as mutually agreed in connection with the subjects of agreed exchange of information as provided in Article II, and under the limitations set forth therein, specific arrangements may be made from time to time between the parties for lease or sale and purchase of non-research quantities of other materials under such terms and conditions as may be mutually agreed, except as provided in Article VII.

Article VII—Materials and Facilities Primarily of Military Significance

The Commission will not transfer any materials under Article III A or Article VI F and will not transfer or permit the export of any materials or equipment and devices under Article IV and Article V if such materials or equipment and devices are in the opinion of the Commission primarily of military significance.

Article VIII—Classification Policies

The Governments of the United States of America and Canada agree that mutually agreed classification policies shall be maintained with respect to all information and materials, including equipment and devices, exchanged under this Agreement. In addition, the parties intend to continue the present practice of periodic consultation with each other on the classification of atomic energy information

Article IX—Patents

A. With respect to any invention or discovery employing information which has been communicated hereunder and made or conceived thereafter during the period of this Agreement, and in which invention or discovery rights are owned by the Government of the United States or by the Government of Canada or an agency or corporation owned or controlled by either, each party:

(1) Agrees to transfer and assign to the other all right, title, and interest in and to any such invention, discovery, patent application or patent in the country of the other, to the extent owned, subject to a royalty-free, non-exclusive, irrevocable license for its own governmental purposes and for purposes of mutual defense.

(2) Shall retain all right, title, and interest in and to any such invention, discovery, patent application or patent in its own or third countries but will, upon request of the other party, grant to the other party a royalty-free, non-exclusive, irrevocable license for its own governmental purposes in such countries including use in the production of materials in such countries for sale to the other party by a contractor of such other party. Each party may deal with any such invention, discovery, patent application or patent in its own country and all countries other than that of the other party as it may desire, but in no event shall either party discriminate against citizens of the other country in respect of granting any license under the patents owned by it in its own or any other country.

(3) Waives any and all claims against the other party for compensation, royalty or award as respects any such invention or discovery, patent application or patent and releases the other party with respect to any such claim.

B. (1) No patent application with respect to any classified invention or discovery made or conceived during the period of this Agreement in connection with subject matter communicated hereunder may be filed by either party except in accordance with mutually agreed upon conditions and procedure.

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(2) No patent application with respect to any such classified invention or discovery may be filed in any country not a party to this Agreement except as may be mutually agreed and subject to Article X.

(3) Appropriate secrecy or prohibition orders will be issued for the purpose of effectuating this provision.

Article X—Security

A. The Governments of the United States of America and Canada have adopted similar security safeguards and standards in connection with their respective atomic energy programs. The two governments agree that all classified information and material, including equipment and devices, within the scope of this Agreement, will be safeguarded in accordance with the security safeguards and standards prescribed by the security arrangement between the Commission and the Atomic Energy Control Board of Canada in effect on June 15, 1955.

B. It is agreed that the recipient party of any material, including equipment and devices, and of any classified information under this Agreement, shall not further disseminate such information, or transfer such material, including equipment and devices, to any other country without the written consent of the originating country. It is further agreed that neither party to this Agreement will transfer to any other country any equipment or device, the transfer of which would involve the disclosure of any classified information received from the other party, without the written consent of such other party.

Article XI—Guaranties Prescribed by the United States Atomic Energy Act of 1954

The Government of Canada guarantees that:

A. The security safeguards and standards prescribed by the security arrangements between the Commission and the Atomic Energy Control Board of Canada in effect on June 15, 1955 will be maintained with respect to all classified information and materials, including equipment and devices, exchanged under this Agreement.

B. No material, including equipment and devices, transferred to the Government of Canada or authorized persons under its jurisdiction by purchase or otherwise pursuant to this Agreement will be used for atomic weapons, or for research on or development of atomic weapons, or for any other military purpose.

C. No material, including equipment and devices, or any Restricted Data transferred to the Government of Canada or authorized persons under its jurisdiction pursuant to this Agreement will be transferred to unauthorized persons or beyond the jurisdiction of the Government of Canada, except as the Commission may agree to such a transfer to another nation, and then only if the transfer of the material or Restricted Data is within the scope of an Agreement for Cooperation between the United States and the other nation.

Article XII—Guaranties by the Government of the United States of America

The Government of the United States of America guarantees that:

A. The security safeguards and standards prescribed by the security arrangements between the Commission and the Atomic Energy Control Board of Canada in effect on June 15, 1955 will be maintained with respect to all classified information and materials, including equipment and devices, exchanged under this Agreement.

B. No material, including equipment and devices, or any Restricted Data transferred to the Government of the United States or authorized persons under its jurisdiction pursuant to this Agreement, will be transferred to unauthorized persons or beyond the jurisdiction of the Government of the United States of America, except as the Government of Canada may agree to such a transfer to another nation.

Article XIII—Statement Concerning Construction of Article II A and B (2) and Article XI B

Article II A and B (2) and Article XI B shall not be construed to prevent the Government of Canada from selling materials produced in its reactors to the Government of the United States for defense use or from making available, to the

extent the Government of Canada may agree to do so, its reactor testing facilities for use by the Government of the United States in connection with the defense aspects of atomic energy.

ARTICLE XIV—DEFINITIONS

For purposes of this Agreement:

A. "Classified" means a security designation of "Confidential" or higher applied under the laws and regulations of either Canada or the United States to any data, information, materials, services or any other matter, and includes "Restricted Data."

B. "Equipment and devices" means any instrument, apparatus or facility, and includes production facilities and utilization facilities and component parts thereof.

C. "Person" means any individual, corporation, partnership, firm, association, trust, estate, public or private institution, group, government agency or government corporation, but does not include the parties of this Agreement.

D. "Pilot Plant" means a device operated to acquire specific data for the design of a full-scale plant and which utilizes the process, or a portion thereof, and the type of equipment which would be used in a full-scale production plant.

E. "Reactor" means an apparatus, other than an atomic weapon, in which a self-supporting fission chain reaction is maintained by utilizing uranium, plutonium or thorium, or any combination of uranium, plutonium, or thorium.

F. The terms "production facilities," "utilization facilities," "source materials," "special nuclear materials," "by-product material," "Restricted Data," and "atomic weapon" are used in this Agreement as defined in the United States Atomic Energy Act of 1954.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed pursuant to duly constituted authority.

DONE AT Washington in duplicate this 15th day of June, 1955.

For the Government of the United States of America:

/s/ ROBERT MURPHY
/s/ LEWIS L. STRAUSS

For the Government of Canada:

/s/ A. D. P. HEENEY
/s/ W. J. BENNETT

UNITED STATES ATOMIC ENERGY COMMISSION,
Washington 25, D. C., June 14, 1955.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: The Atomic Energy Commission recommends that you approve the attached Agreement for Cooperation Concerning Civil Uses of Atomic Energy Between the Government of the United States of America and the Government of Canada, and authorize its execution by appropriate authorities of the United States Atomic Energy Commission and the Department of State.

As you know, Canada and the United States were active partners in the wartime undertaking that resulted in the first release of atomic energy by man, and during World War II the collaboration between the two countries was close and invaluable. Since then, however, and until the passage of the Atomic Energy Act of 1954, United States participation in a cooperative effort to advance the peaceful uses of atomic energy was severely limited by law. Canada, on the other hand, in continuing to pursue an active atomic energy program for peaceful purposes, has closely cooperated with the United States in certain important areas and in a way which has made a valuable contribution to our common defense and security.

Beyond the field of atomic energy, there exists, as the proposed agreement recites, a unique tradition of friendship and cooperation between Canada and the United States. Based on similar national interests and ideals, this tradition has produced special industrial, economic, and cultural relationships which have contributed to our common security and well-being. As you stated in your address to the House of Commons at Ottawa in November 1953, the sense of partnership that for generations has been the hallmark of the relations between Canada and the United States has made each country "a better and stronger and more influential nation because each can rely upon every resource of the other in days of crisis. Beyond this, each can work and grow and prosper with the other

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through years of quiet peace." The proposed document represents an important step toward achieving in the field of the peaceful uses of atomic energy that sense of partnership which prevails in the other areas of our relationship with Canada, and will materially assist both the United States and Canada in the achievement of the objectives of their respective atomic energy programs.

The agreement calls for an exchange of classified and unclassified information relating to the application of atomic energy to peaceful uses, for an exchange of research materials not available commercially, for the use of research and testing facilities, and for the transfer of equipment and devices. However, of the information which is classified, only that relevant to current or projected programs will be exchanged; and the parties to the agreement will not exchange restricted data under the agreement which, in the opinion of either country, is primarily of military significance or which relates to the design or fabrication of atomic weapons. Further, it is provided that the Commission will not transfer materials or equipment and devices which in its opinion are primarily of military significance, nor will it grant access to research and testing facilities which are primarily of military significance.

It is provided in the proposed agreement that the Commission will sell to Atomic Energy of Canada Limited (a wholly owned corporation of the Government of Canada) such quantities of uranium enriched in the isotope U–235 as may be required in the power reactor program in Canada during the period of the agreement, subject to the availability of this material for such distribution and to the limitation that the quantity of uranium enriched in the isotope U–235 of weapon quality in the possession of Atomic Energy of Canada Limited by reason of transfer under the agreement shall not be of military significance, as determined by the Commission. Enriched uranium to be sold under the agreement will be limited to uranium enriched in the isotope U–235 up to a maximum of 20 percent U–235. The Government of Canada, on its part, will give to the Commission a first refusal of any special nuclear materials which it may desire to transfer outside of Canada, where such materials have been produced from the irradiation of fuel elements enriched with U–235 purchased from the Commission. The agreement also provides for continued collaboration between the two countries in the field of raw materials which already has resulted in the development of substantial uranium production in Canada which has been made available to the United States. Under the agreement it will also be possible for the Commission to continue its use of Canadian reactors for special and unique irradiations of value in the Commission's weapons program. A still further benefit to the United States under the agreement will result from the strengthening of our domestic economy through the authorization granted United States industry to enter into commercial arrangements in the atomic energy field with the Government of Canada and its authorized nationals.

It is the opinion of the Commission that the proposed agreement is an important and desirable step in advancing the development of the peaceful uses of atomic energy both in the United States and in Canada, in accordance with the policy which you have established. It is the further opinion of the Commission that the cooperative effort which the proposed agreement will permit will further solidify the friendship we now enjoy and go far in assuring the continuance of peace and freedom in our countries.

Respectfully yours,

LEWIS L. STRAUSS, *Chairman.*

THE WHITE HOUSE,
Washington, June 15, 1955.

The Honorable LEWIS L. STRAUSS,
Chairman, Atomic Energy Commission,
Washington, D. C.

DEAR MR. STRAUSS: Under date of June 15, 1955, the Atomic Energy Commission recommended that I approve a proposed agreement for cooperation concerning the civil uses of atomic energy between the Government of Canada and the Government of the United States of America.

The Commission's letter of recommendation refers to the history of collaboration in the field of atomic energy between Canada and the United States, and points out that, while United States participation in a cooperative effort to advance the peaceful uses of atomic energy was, until the passage of the Atomic Energy Act of 1954, severely limited by law, Canada has continued to cooperate

closely with the United States in certain important areas and in a way which has contributed to our common defense and security. The Commission's letter also points out, and the proposed agreement so recites, that there exists in other areas a unique tradition of friendship and cooperation between Canada and the United States which has contributed to the security and well-being of both countries.

I have examined the agreement recommended. I share wholeheartedly in the belief of the Commission that the proposed document represents an important step to achieving in the field of the peaceful uses of atomic energy that sense of partnership which prevails in the other areas of our relationships with Canada, and will materially assist both the United States and Canada in the achievement of the objectives of their respective atomic energy programs, thus solidifying further the friendship we now enjoy and contributing to the preservation of peace and freedom in other countries.

The proposed agreement calls for an exchange of classified and unclassified information relating to the application of atomic energy to peaceful uses, for an exchange of research materials not available commercially, for the use of research and testing facilities and for the transfer of equipment and devices. It is also provided that the Commission will sell special nuclear material to Atomic Energy Limited of Canada in such quantities as may be required in the Canadian power-reactor program during the term of the agreement.

However, the parties to the agreement will not exchange restricted data under the agreement which, in the opinion of either country, is primarily of military significance or which relates to the design or fabrication of atomic weapons. Nor will the Commission transfer materials or equipment and devices which in its opinion are primarily of military significance, or grant access to research and testing facilities which are primarily of military significance. With respect to the sale of special nuclear material, it is noted that such sale is subject to the limitation that the quantity of this material which would be transferred to Canada shall not be of military significance, as determined by the Commission.

By reason of the state of the art in Canada, the United States will gain materially from the mutual exchange of information and the mutual use of facilities. Further benefits to this country under the agreement will be realized from the first refusal given by Canada to the United States with respect to special nuclear material produced in Canada from the irradiation of fuel elements enriched with U–235 purchased from the Commission, from continued collaboration in the important field of raw materials, from the continued use of Canadian reactors for special irradiations of value in the Commission's weapons program, and from the general strengthening of our domestic economy which will result from the development of commercial activities between the two countries and their nationals in the field of atomic energy.

Accordingly, pursuant to the provisions of section 123 of the Atomic Energy Act of 1954 and upon the recommendation of the Atomic Energy Commission, I hereby—

(1) Approve the within proposed agreement for cooperation between the Government of the United States and the Government of Canada concerning the civil uses of atomic energy;

(2) Determine that the performance of the proposed agreement will promote and will not constitute an unreasonable risk to the common defense and security of the United States; and

(3) Authorize the execution of the proposed Agreement for Cooperation for the Government of the United States by appropriate authorities of the United States Atomic Energy Commission and the Department of State.

Sincerely,

/s/ DWIGHT EISENHOWER.

UNITED STATES ATOMIC ENERGY COMMISSION,
Washington 25, D. C., June 15, 1955.

Hon. CLINTON P. ANDERSON,
Chairman, Joint Committee on Atomic Energy,
Congress of the United States.

DEAR SENATOR ANDERSON: Pursuant to section 123 (c) of the Atomic Energy Act of 1954 there is submitted with this letter:

(1) A proposed Agreement for Cooperation with the Government of Canada;

(2) A letter dated June 14, 1955, from the Commission to the President recommending his approval of the proposed agreement;

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(3) A letter dated June 15, 1955, from the President to the Commission approving the proposed agreement, authorizing its execution, and containing his determination that the proposed agreement will promote and will not constitute an unreasonable risk to the common defense and security.

This proposed agreement for cooperation calls for the exchange of classified and unclassified information and material, including restricted data, and is more extensive in scope that the unclassified research agreements which previously have been submitted to this session of the Congress.

The arrangement contained in the proposed agreement results from the special relationship which exists between Canada and the United States in the atomic energy field.

Sincerely yours,

LEWIS L. STRAUSS, *Chairman.*

APPENDIX III

AGREEMENT FOR COOPERATION ON THE CIVIL USES OF ATOMIC ENERGY BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINDGOM OF GREAT BRITAIN AND NORTHERN IRELAND

The Government of the United States of America (including the United States Atomic Energy Commission) and the Government of the United Kingdom of Great Britain and Northern Ireland, on its own behalf and on behalf of the United Kingdom Atomic Energy Authority;

Considering that they have for several years been engaged in atomic energy programs within their respective countries and from the inception of these programs have collaborated closely in certain fields;

Considering that the use of atomic energy for peaceful purposes is a major objective of each of these programs;

Believing that mutual benefit would result from further cooperation between them; and

Recognizing that for the present their main efforts in the field of atomic energy will be directed to defense but desiring also to promote the development of atomic energy for peaceful purposes;

Have agreed as follows:

ARTICLE I—SCOPE OF AGREEMENT

A. Subject to the provisions of this Agreement, the availability of material and personnel, and the applicable laws, regulations and license requirements in force in their respective countries, the Parties shall assist each other in the achievement of the use of atomic energy for peaceful purposes. It is the intent of the Parties that such assistance shall be rendered on a reciprocal basis.

B. The disposition and utilization of atomic weapons and the exchange of restricted data relating to the design or fabrication of atomic weapons shall be outside the scope of this Agreement.

C. The exchange of restricted data under this Agreement shall be subject to the following limitations:

(i) It shall extend only to that which is relevant to current or projected programs.

(ii) Restricted data which is primarily of military significance shall not be exchanged.

(iii) The development of submarine, ship, aircraft, and certain package power reactors is presently concerned primarily with their military uses. Accordingly, restricted data pertaining to such reactors will not be exchanged until such time as these types of reactors warrant peacetime application and the exchange of information on these types of reactors may be agreed. Information on the adaptation of these types of reactors to military use will not be exchanged. Likewise, restricted data pertaining primarily to any future reactor-types the development of which is concerned primarily with their military use will not be exchanged until such time as these types of reactors warrant civil application and exchange of information on these types of reactors may be agreed; and restricted data on the adaptation of these types of reactors to military use will not be exchanged.

(iv) Restricted data on specific experimental power, demonstration power, or power reactors will not be exchanged unless the reactor is currently in operation in the receiving country or is being considered seriously for construction by the receiving country as a source of power or as an intermediate step in a power production program. There shall, however, be exchanged such general information, including restricted data, on design and characteristics of various types of reactors as is required to permit evaluation and comparison of their potential use in a power production program.

D. This Agreement shall not require the exchange of any information which the Parties are not permitted to communicate because the information is privately developed and privately owned or has been received from another government.

E. The Parties will not transfer or export, or permit the transfer or export, under this Agreement of any material, equipment or device which is primarily of a military character.

ARTICLE II—EXCHANGE OF INFORMATION BETWEEN THE COMMISSION AND THE AUTHORITY

Subject to the provisions of Article I, classified information in the specific fields set out below and unclassified information shall be exchanged between the Commission and the Authority with respect to the application of atomic energy to peaceful uses, including research and development relating to such uses and problems of health and safety connected therewith. The exchange of information provided for in this Article shall be accomplished through the various means available, including reports, conferences and visits to facilities. The following are the fields in which classified information shall be exchanged:

A. *Reactors*

1. Fields of exchange:

(a) Reactor physics, including theory of and pertinent data relating to neutron bombardment reactions, neutron cross sections, criticality calculations, reactor kinetics, and shielding.

(b) Reactor engineering—theory of and data relating to such problems as reactor stress and heat transfer analysis insofar as these are pertinent to the over-all design and optimization of the reactor.

(c) Properties of reactor materials—effects of operating conditions on the properties of reactor materials, including fuel, moderator and coolant.

(d) Specification for reactor materials—final form specifications including composition, shape, and size, and special handling techniques of reactor materials including source material, special nuclear material, heavy water, reactor grade graphite, and zirconium.

(e) Reactor components—general performance specifications of reactor components.

(f) Over-all design and characteristics, and operational techniques and performance, of research, experimental power, demonstration power, and power reactors.

2. Detailed designs, detailed drawings and applied technology of reactors of the types referred to in subparagraph 1 (f) of this paragraph and of related components, equipment and devices in this field shall not be exchanged except as may be agreed.

3. The exchange of information under this paragraph shall include and be limited to information from the following sources and shall be accomplished in such a manner as to maintain a reciprocal basis of exchange:

(a) Information developed by and for the Commission and information developed by and for the public and private utility groups in the United States with the assistance of the Commission;

(b) Information developed by and for the Authority and information developed by and for the United Kingdom Electricity Supply Authorities with the assistance of the Authority.

B. *Uranium and Thorium*

Geology, exploration techniques, chemistry and technology of extracting uranium and thorium from their ores and concentrates, the chemistry, production technology and techniques of purification and fabrication of uranium and thorium compounds and metals, including design, construction, and operation of plants.

C. *Properties of Materials*

Physical, chemical, and nuclear properties of all elements, compounds, alloys, mixtures, special nuclear material, byproduct material, other radioisotopes, and stable isotopes and their behavior under all conditions.

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D. *Technology of Production and Utilization of Materials*

1. Technology of production and utilization, from laboratory experimentation up to pilot plant operations but not including design and operation of pilot plants except as may be agreed, of all elements, compounds, alloys, mixtures, special nuclear material, byproduct material, other radioisotopes, and stable isotopes relevant to paragraphs A and E of this Article.

2. This paragraph shall not be construed as including:

(a) the exchange of restricted data pertaining to design, construction, and operation of production plants for the separation of U–235 from other uranium isotopes;

(b) the exchange of restricted data on the design, construction, and operation of specific production plants for the separation of deuterium from the other isotope of hydrogen until such time as the Party wishing to receive the information shall determine that the construction of such plants is required; the Commission will, however, supply the Authority with heavy water as provided in Article III A and Article IV;

(c) the exchange of restricted data pertaining to design, construction, and operation of production plants for the separation of isotopes of any other element, except as may be agreed;

(d) the exchange of restricted data pertaining to the underlying principles, theory, design, construction, and operation of facilities, other than reactors, capable of producing significant quantities of isotopes by means of nuclear reactions, except as may be agreed.

E. *Health and Safety*

The entire field of health and safety as related to any of the fields within which information is to be exchanged in accordance with the provisions of this Article; in addition those problems of health and safety which affect the individual, his environment, and the civilian population as a whole and which arise from nuclear explosion (excluding such test data as would permit the determination of the yield of any specific weapon or nuclear device and excluding any information relating to the design or fabrication of any weapon or nuclear device).

Article III—Research Materials and Research Facilities

A. *Research Materials*

Materials of interest in connection with any subject of agreed exchange of information as provided in Article II subject to the provisions of Article I, including source material, special nuclear material, byproduct material, other radioisotopes, and stable isotopes shall, except as provided in paragraph E of Article I, be exchanged for research purposes in such quantities and under such terms and conditions as may be agreed when such materials are not available commercially to the Party wishing to receive them.

B. *Research Facilities*

Under such terms and conditions as may be agreed, specialized research facilities and reactor testing facilities shall be made available for mutual use consistent with the limits of space, facilities, and personnel conveniently available, except that it is understood that neither Party will be able to permit access by personnel of the other Party to facilities which are primarily of military significance.

Article IV—Materials for Purposes Other Than Research

In connection with any subject of agreed exchange of information as provided in Article II subject to the provisions of Article I, specific arrangements may be agreed between the Parties from time to time for the sale and purchase, under such terms and conditions as may be agreed, of quantities, greater than those required for research, of materials other than special nuclear materials.

Article V—Transfer of Equipment and Devices

With respect to any subject of agreed exchange of information as provided in Article II subject to the provisions of Article I, equipment and devices may be transferred from one Party to the other under such terms and conditions as may be agreed, except as provided in paragraph E of Article I. It is recognized that such transfers will be subject to limitations which may arise from shortages of supplies or other circumstances existing at the time.

ARTICLE VI—PERMISSIVE ARRANGEMENTS FOR MATERIALS, INCLUDING EQUIPMENT AND DEVICES, AND SERVICES

A. Within the fields specified in paragraph B of this Article, persons under the jurisdiction of one Party shall be permitted to make arrangements to transfer and export materials, including equipment and devices and rights owned by them therein, to and perform services for the other Party and such persons under its jurisdiction as are authorized by it to receive and possess such materials and utilize such services, provided that any classified information the disclosure of which would be involved shall fall within the fields specified in paragraph B and subject to:

(1) the provisions of paragraph E of Article I;

(2) applicable laws, regulations and license requirements;

(3) approval of the Party to the jurisdiction of which the person making the arrangement is subject if the materials or services are classified or if the furnishing of such materials or services requires the communication of classified information.

B. To the extent necessary in carrying out the arrangements made under paragraph A of this Article, classified information in the following fields, subject in each case to the provisions of Article I, may be communicated by the person furnishing the material or services to the Party or person to whom such material or service is furnished:

(1) the subjects of agreed exchange of information as provided in Article II;

(2) the development, design, construction, operation, and use of research, experimental power, demonstration power, and power reactors;

(3) the development, design, manufacture, and use of equipment and devices of use in connection with the fields described in this paragraph.

ARTICLE VII—PATENTS

A. With respect to any invention or discovery employing information which has been communicated under this Agreement by one of the Parties to the other in accordance with Article II and made or conceived thereafter but during the period of this Agreement, and in which invention or discovery rights are owned by the Government of the United States or by the Government of the United Kingdom or any agency or corporation owned or controlled by either, each Party:

(1) agrees to transfer and assign to the other Party all right, title, and interest in and to any such invention, discovery, patent application or patent in the country of that other Party, to the extent owned, subject to a royalty-free, non-exclusive, irrevocable license for the governmental purposes of such other Party and for purposes of mutual defense;

(2) shall retain all right, title, and interest in and to any such invention, discovery, patent application or patent in its own or third countries but shall, upon request of the other Party, grant to that other Party a royalty-free, non-exclusive, irrevocable license for the governmental purposes of such other Party in such countries, including use in the production of materials in such countries for sale to the other Party by a contractor of such other Party; each Party may deal with any such invention, discovery, patent application or patent in its own country and all countries other than that of the other Party as it may desire, but in no event shall either Party discriminate against citizens of the country of the other Party in respect of granting any license under the patents owned by it in its own or any other country;

(3) waives any and all claims against the other Party for compensation, royalty or award as respects any such invention or discovery, patent application or patent and releases the other Party with respect to any such claim.

B. (1) No patent application with respect to any classified invention or discovery employing information which has been communicated under this Agreement may be filed by either Party or any person in the country of the other Party except in accordance with agreed conditions and procedures.

(2) No patent application with respect to any such classified invention or discovery may be filed in any country not a party to this Agreement except as may be agreed and subject to Article IX.

(3) Appropriate secrecy or prohibition orders shall be issued for the purpose of giving effect to this paragraph.

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Article VIII—Classification Policies

Agreed classification policies shall be maintained with respect to all information, materials, equipment and devices exchanged under this Agreement. The Parties intend to continue the present practice of consultation with each other on the classification of these matters.

Article IX—Guaranties

The Parties guarantee that:

A. All classified material, equipment, devices and classified information exchanged under this Agreement shall be safeguarded in accordance with the applicable security arrangements between the Commission and the Authority.

B. No material, equipment or device transferred pursuant to this Agreement shall be used for atomic weapons or for research on or development of atomic weapons, or for any other military purpose.

C. No material, equipment, device, or restricted data transferred pursuant to this Agreement, and no equipment or device which would disclose any restricted data transferred pursuant to this Agreement, shall be transferred to any unauthorized person or beyond the jurisdiction of the country receiving it, without the written consent of the Party to this Agreement from which or by permission of which it was received. Such consent will not be given on behalf of the Government of the United States unless the transfer in respect of which it is requested is within the scope of an agreement for cooperation made in accordance with Section 123 of the United States Atomic Energy Act of 1954.

Article X—Definitions

For the purposes of this Agreement:

"Atomic weapon" means any device utilizing atomic energy, exclusive of the means for transporting or propelling the device (where such means is a separable and divisible part of the device), the principal purpose of which is for use as, or for development of, a weapon, a weapon prototype, or a weapon test device.

"The Authority" means the United Kingdom Atomic Energy Authority.

"Byproduct material" means any radioactive material (except special nuclear material) yielded in or made radioactive by exposure to the radiation incident to the process of producing or utilizing special nuclear material.

"Classified" means a security designation of "Confidential" or higher applied under the laws and regulations of either the United Kingdom or the United States to any data, information, materials, services or any other matter, and includes "restricted data."

"The Commission" means the United States Atomic Energy Commission.

"Equipment and devices" and "equipment or device" means any instrument, apparatus, or facility and includes any facility, except an atomic weapon, capable of making use of or producing special nuclear material, and component parts thereof.

"Person" means any individual, corporation, partnership, firm, association, trust, estate, public or private institution, group, government agency or government corporation other than the Commission and the Authority.

"Pilot plant" means a device operated to acquire specific data for the design of a full-scale plant and which utilizes the process, or a portion thereof, and the type of equipment which would be used in the full-scale production plant.

"Reactor" means an apparatus, other than an atomic weapon, in which a self-supporting fission chain reaction is maintained by utilizing uranium, plutonium, or thorium or any combination of uranium, plutonium, or thorium.

"Restricted data" means all data concerning (1) design, manufacture, or utilization of atomic weapons; (2) the production of special nuclear material; or (3) the use of special nuclear material in the production of energy, but shall not include data declassified or removed from the category of restricted data by the appropriate authority.

"Special nuclear material" means (1) plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material which the Commission or the Authority determines to be special nuclear material; or (2) any material artificially enriched by any of the foregoing.

ARTICLE XI—PERIOD OF AGREEMENT

This Agreement shall enter into force on the date on which each Government shall receive from the other Government Written notification that it has complied with all statutory and constitutional requirements for the entry into force of such Agreement and shall remain in force for a period of ten years.

IN WITNESS WHEREOF, the undersigned, duly authorized, have signed this Agreement.

DONE at Washington this fifteenth day of June, 1955, in two original texts.

For the Government of the United States of America

/s/ ROBERT MURPHY
/s/ LEWIS STRAUSS

For the Government of the United Kingdom of Great Britain and Northern Ireland

/s/ R. H. SCOTT

UNITED STATES ATOMIC ENERGY COMMISSION,
Washington 25, D. C., June 15, 1955.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: The Atomic Energy Commission recommends that you approve the attached Agreement for Cooperation on the Civil Uses of Atomic Energy Between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America, and authorize its execution by appropriate authorities of the United States Atomic Energy Commission and the Department of State.

As you know, Great Britain has from the beginning been one of the leaders in the development of atomic energy. Her scientists include great names in nuclear research, and her research and experimental centers are among the finest and most advanced in the world. British endeavor in the field of atomic energy preceded World War II, but in 1943 all work in this field was suspended in the British Isles, and the leading English scientists came to the United States and to Canada to labor jointly with the scientists of those countries in the development of the atomic bomb. The immense contribution made by the United Kingdom in the great scientific achievement which resulted is a matter of recorded history. Since the war, the United Kingdom has developed and put into effect an impressive, comprehensive, and highly integrated atomic energy program; but collaboration and the exchange of atomic energy information between our two governments was, until the passage of the Atomic Energy Act of 1954, severely limited by law. The proposed agreement, negotiated under the Atomic Energy Act of 1954, represents an important step toward achieving in the field of the peaceful uses of atomic energy the friendly tradition of cooperation which prevails in the other areas of our relationships with Her Majesty's Government and will result in mutual benefit.

The agreement calls for reciprocal assistance in the achievement of the use of atomic energy for peaceful purposes, for the exchange of information between the United States Atomic Energy Commission and the United Kingdom Atomic Energy Authority of classified and unclassified information relating to the application of atomic energy for peaceful uses (including such general information on design and characteristics of various types of reactors as is required to permit evaluation and comparison of their potential use in a power production program), for an exchange of research materials not available commercially, for the use of research and reactor testing facilities, and for the transfer of equipment and devices. However, of the information which is classified, only that relevant to current or projective programs will be exchanged. The parties to the agreement will not exchange restricted data under the agreement which is primarily of military significance nor will they grant access to facilities which are primarily of military significance. Further it is specifically provided that the parties will not transport or export, or permit the transfer or export, under the agreement of any material, equipment, or device which is primarily of a military character; and, further, that the disposition and utilization of atomic weapons and the exchange of restricted data relating to the design or fabrication of atomic weapons shall be outside the scope of the agreement.

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Special nuclear material will be exchanged under the agreement only for research purposes and in such quantities and under such terms and conditions as may be agreed, subject to the general limitation that no material which is primarily of a military character will be transferred.

The reciprocal arrangement set forth in the proposed agreement will permit the scientists and technicians of the United States access to valuable atomic information developed in the United Kingdom and will make possible a close collaboration in investigating the effective peacetime uses of atomic energy and in advancing the frontiers of knowledge in the nuclear sciences. The limits of nuclear energy cannot now be predicted, but its promise for the more abundant life is infinite. Working together the scientists of these two great nations can contribute substantially to the fulfillment of that promise. In this way each Government will be promoting its own defense and security and substantially furthering the mutual security of the peoples of the free world.

It is, therefore, the opinion of the Commission that the proposed agreement not only is in accordance with the policy which you have established concerning the development of the peaceful uses of atomic energy in collaboration with friendly foreign nations but, also, that the cooperative effort which the proposed agreement will permit will further solidify the friendship we now enjoy with Her Majesty's Government and go far in assuring the continuance of peace and freedom in our countries.

Respectfully,

LEWIS L. STRAUSS, *Chairman.*

THE WHITE HOUSE,
Washington, June 15, 1955.

The Honorable L. L. STRAUSS,
Chairman, Atomic Energy Commission,
Washington, D. C.

DEAR MR. STRAUSS: Under date of June 15, 1955, the Atomic Energy Commission recommended that I approve a proposed agreement for cooperation concerning the civil uses of atomic energy by the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America.

The Commission's letter of recommendation refers to the close collaboration that existed between Great Britain and the United States in the development of the atomic bomb, and points out that since the war and until the passage of the Atomic Energy Act of 1954, further cooperation in atomic energy development was severely limited by law. The Commission's letter also states that the United Kingdom has developed and put into effect a comprehensive atomic energy program, and that the proposed agreement, negotiated under the Atomic Energy Act of 1954, represents an important step toward achieving in the atomic energy field the friendly tradition of cooperation which prevails in the other areas of our relationships with Her Majesty's Government.

I have examined the agreement recommended. I share in the belief of the Commission that the performance of the agreement will result in mutual benefit to both Governments.

The agreement calls for an exchange of classified and unclassified information relating to the application of atomic energy for peaceful uses, for an exchange of research materials not available commercially, for the use of research and reactor testing facilities, and for the transfer of equipment and devices. It is provided, however, that classified information will be exchanged only when relevant to current or projected programs, and that the parties to the agreement will not exchange restricted data under the agreement which is primarily of military significance; nor will they grant access to facilities which are primarily of military significance. Further, it is specifically provided that the parties will not transfer or export, or permit the transfer or export, under the agreement, of any material, equipment, or device which is primarily of a military significance. It is specifically provided that the disposition and utilization of atomic weapons and the exchange of restricted data relating to the design or fabrication of atomic weapons shall be outside the scope of the agreement.

Special nuclear material will be exchanged under the agreement only for research purposes and in such quantities and under such terms and conditions as may be agreed, subject to the general limitation that nuclear material which is primarily of a military character will not be transferred.

The extent of the progress of atomic energy development in Great Britain, particularly in the matter of the peaceful uses of atomic energy, makes it certain that the United States will gain materially from a mutual exchange of information and the mutual uses of facilities. The proposed agreement will permit our scientists to have access to valuable information which the eminent scientists of the United Kingdom have developed and will make possible a close collaboration in advancing the frontiers of knowledge in the nuclear sciences and the fulfillment of the promise which nuclear energy holds for all mankind. I share the opinion of the Commission that the activities called for in the agreement will promote the defense and security of the United States and will substantially further the mutual security of the peoples of the free world.

Accordingly, pursuant to the provisions of section 123 of the Atomic Energy Act of 1954 and upon the recommendation of the Atomic Energy Commission, I hereby—

(1) approve the within proposed agreement for cooperation between the Government of the United States and the Government of the United Kingdom of Great Britain and Northern Ireland concerning the civil uses of atomic energy;

(2) determine that the performance of the proposed agreement will promote and will not constitute an unreasonable risk to the common defense and security of the United States; and

(3) authorize the execution of the proposed agreement for the Government of the United States by appropriate authorities of the United States Atomic Energy Commission and the Department of State.

Sincerely,

(s) DWIGHT EISENHOWER.

UNITED STATES ATOMIC ENERGY COMMISSION,
Washington 25, D. C., June 15, 1955.

Hon. CLINTON P. ANDERSON,
Chairman, Joint Committee on Atomic Energy,
Congress of the United States.

DEAR SENATOR ANDERSON: Pursuant to section 123 (c) of the Atomic Energy Act of 1954 there is submitted with this letter:

(1) A proposed Agreement for Cooperation with the Government of the United Kingdom and Northern Ireland;

(2) A letter dated June 15, 1955, from the Commission to the President recommending his approval of the proposed agreement;

(3) A letter dated June 15, 1955, from the President to the Commission approving the proposed agreement, authorizing its execution, and containing his determination that the proposed agreement will promote and will not constitute an unreasonable risk to the common defense and security.

This proposed agreement for cooperation calls for the exchange of classified and unclassified information and material, including restricted data, and is more extensive in scope than the unclassified research agreements which previously have been submitted to this session of the Congress.

The arrangement contained in the proposed agreement results from the special relationship which exists between the Government of the United Kingdom and Northern Ireland and the United States in the atomic energy field.

Sincerely yours,

LEWIS L. STRAUSS, *Chairman.*

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84TH CONGRESS } SENATE { REPORT
1st Session } { No. 1052

REPORT ON THE PROPOSED AGREEMENTS FOR COOPERATION REGARDING ATOMIC INFORMATION FOR MUTUAL DEFENSE PURPOSES BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINGDOM AND NORTHERN IRELAND

JULY 20, 1955.—Filed under authority of the order of the Senate of July 20, 1955, and ordered to be printed

Mr. PASTORE, from the Joint Committee on Atomic Energy, submitted the following

REPORT

On June 15, 1955, the President submitted to the Joint Committee on Atomic Energy proposed Agreements for Cooperation regarding atomic information for mutual defense purposes between the United States and Canada and the United States and the United Kingdom. The Subcommittee on Agreements for Cooperation, to which the proposed agreements were referred, heard witnesses from the Department of State and the Department of Defense on the proposed agreements. After exhaustive inquiry from all witnesses, the Subcommittee on Agreements for Cooperation unanimously concluded, and reported to the Joint Committee that the proposed agreements are in conformance with the letter and spirit of the Atomic Energy Act of 1954.

The Joint Committee, by unanimous vote on July 20, 1955, adopted the report and conclusions of the Subcommittee on Agreements for Cooperation.

This report is made by the Joint Committee under the provisions of section 202 of the Atomic Energy Act of 1954.

HEARINGS

Those who appeared at the executive hearing held by the Subcommittee on Agreements for Cooperation on July 11, 1955, were:

For the Department of State:

Mr. C. Burke Elbrick, Deputy Assistant Secretary for European Affairs

Mr. Gerard C. Smith, special assistant to the Secretary for Atomic Energy

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Mr. Philip J. Farley, deputy special assistant to Mr. Gerard C. Smith
Mr. Leonard Unger, officer in charge political military affairs, Office of Secretary for European Affairs

For the Department of Defense:

Hon. Herbert B. Loper, Assistant Secretary of Defense
Maj. Gen. Harry McK. Roper, Deputy Assistant Chief of Staff, G–3 Operations
Vice Adm. A. C. Davis, Deputy Assistant Secretary of Defense for Internal Security Affairs
Col. Sidney Rubenstein, Director, Administrative Security Division, Office of Secretary of Defense
Col. Charles E. Carson, assistant to General Loper
Col. Delmar L. Crowson, assistant to General Loper
Lt. Col. Mark H. Terrell, assistant to General Roper
Comdr. David P. Klain, Assistant Director, Administrative Security Division
Mr. James M. Wilson, Office of Assistant Secretary of Defense for International Affairs
Mr. William Lang, Office of General Counsel, Office, Secretary of Defense

BACKGROUND

In his message to Congress on February 17, 1954, President Eisenhower requested that the Atomic Energy Act of 1946 be amended in several respects. He said in part:

> For the purpose of strengthening the defense and economy of the United States and of the free world, I recommend that the Congress approve a number of amendments to the Atomic Energy Act of 1946. These amendments would accomplish this purpose, with proper security safeguards, through the following means:
>
> First, widened cooperation with our allies in certain atomic energy matters;
>
> Second, improved procedures for the control and dissemination of atomic energy information; and
>
> Third, encouragement of broadened participation in the development of peacetime uses of atomic energy in the United States.

In his message he later stated:

> In respect to defense considerations, our atomic effectiveness will be increased if certain limited information on the use of atomic weapons can be imparted more readily to nations allied with us in common defense.

In keeping with this Presidential recommendation, the basic revision of the organic atomic energy law passed by the 83d Congress permits, under carefully stated conditions, such cooperation with our allies. The report on the Atomic Energy Law of 1954 describes the effect of the revision enabling the communication of information on effects and utilization of atomic weapons to regional defense organizations to which we are a party in these words:

> On the military side, the legislation permits the Department of Defense, under comprehensive security safeguards, to transfer to another nation, or to a regional defense organization of which we are a member, restricted data concerning the tactical employment of atomic weapons. Such information includes data necessary to the development of defense plans, the training of personnel in the employment of, and defense against, atomic weapons, and the evaluation of the capabilities of potential enemies in the employment of atomic weapons. The types of information that may be communicated to others to achieve these objectives are

carefully delineated, and it is made clear that no information which would reveal important or significant data on the design or fabrication of the nuclear portions of atomic weapons, or on the detailed engineering of other important parts of atomic weapons, can be revealed.

This same report also set forth the underlying reason for such broadened international cooperation in the field of military effects.

When the organic law was enacted, atomic bombs were regarded by most as strategic weapons. Tactical applications of the military atom were but dimly perceived. Still less was it recognized that the time would soon come when tactical atomic weapons could profoundly, perhaps even decisively, affect the operations of the ground forces defending Western Europe. With our Nation the sole possessor of atomic weapons, and with these weapons husbanded for a strategic counterblow against an aggressor, there was no need for acquainting friendly nations with information concerning the effects and military employment of tactical atomic weapons. Today, however, we are engaged with our allies in a common endeavor, involving common planning and combined forces, to dam the tide of Red military power and prevent it from engulfing free Europe. America's preponderance in atomic weapons can offset the numerical superiority of the Communist forces, and serve emphatic notice on the Soviet dictators that any attempt to occupy free Europe, or to push farther anywhere into the free world, would be foredoomed to failure. Yet, so long as our law prohibits us from giving our partners in these joint efforts for common defense such atomic information as is required for realistic military planning, our own national security suffers.

THE ATOMIC ENERGY ACT OF 1954 AND THE PROPOSED AGREEMENT

On August 30, 1954, the Atomic Energy Act of 1954 was signed by the President. The substantive sections of this law concerning the communication to others of information on the military use and effects of atomic weapons are as follows:

(*Section 144 b*)

The President may authorize the Department of Defense, with the assistance of the Commission, to cooperate with another nation or with a regional defense organization to which the United States is a party, and to communicate to that nation or organization such Restricted Data as is necessary to—

(1) the development of defense plans;

(2) the training of personnel in the employment of and defense against atomic weapons; and

(3) the evaluation of the capabilities of potential enemies in the employment of atomic weapons,

while such other nation or organization is participating with the United States pursuant to an international arrangement by substantial and material contributions to the mutual defense and security:

Provided, however, That no such cooperation shall involve communication of Restricted Data relating to the design or fabrication of atomic weapons except with regard to external characteristics, including size, weight, and shape, yields and effects, and systems employed in the delivery or use thereof but not including any data in these categories unless in the joint judgment of the Commission and the Department of Defense such data will not reveal important information concerning the design or fabrication of the nuclear components of an atomic weapon: *And provided further,* That the cooperation is undertaken pursuant to an agreement entered into in accordance with section 123.

(*Section 123*)

Cooperation With Other Nations.—No cooperation with any nation or regional defense organization pursuant to sections 54, 57, 64, 82, 103, 104, or 144 shall be undertaken until—

a. the Commission or, in the case of those agreements for cooperation arranged pursuant to subsection 144b., the Department of Defense has submitted to the President the proposed agreement for cooperation, together with its recommendation thereon, which proposed agreement shall include (1) the terms, conditions, duration, nature, and scope of the cooperation; (2) a guaranty by the cooperating party that security safeguards and stand-

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ards as set forth in the agreement for cooperation will be maintained; (3) a guaranty by the cooperating party that any material to be transferred pursuant to such agreement will not be used for atomic weapons, or for research on or development of atomic weapons, or for any other military purpose, and (4) a guaranty by the cooperating party that any material or any Restricted Data to be transferred pursuant to the agreement for cooperation will not be transferred to unauthorized persons or beyond the jurisdiction of the cooperating party, except as specified in the agreement for cooperation;

b. the President has approved and authorized the execution of the proposed agreement for cooperation and has made a determination in writing that the performance of the proposed agreement will promote and will not constitute an unreasonable risk to the common defense and security; and

c. the proposed agreement for cooperation, together with the approval and the determination of the President, has been submitted to the Joint Committee and a period of thirty days has elapsed while Congress is in session (in computing such thirty days, there shall be excluded the days on which either House is not in session because of an adjournment for more than three days).

Taken together, these sections permit the communication of restricted data necessary to (1) the development of defense plans; (2) the training of personnel in the employment of and defense against atomic weapons; and (3) the evaluation of the capabilities of potential enemies in the employment of atomic weapons. The communication of such restricted data to a nation or regional defense organization to which the United States is a party may be made only while such nation is participating with the United States under a treaty or an executive agreement or other international arrangement approved by both Houses of Congress and while it is making a substantial material contribution to the mutual defense and security. The law provides further that no such cooperation shall involve the communication of restricted data relating to the design or fabrication of atomic weapons, except, however, for the communication of restricted data with regard to the external characteristics of atomic weapons, including size, weight, and shape, yields and effects, and systems employed in the judgment of the Commission and the Department of Defense, will not reveal important information concerning the design and fabrication of the nuclear components of atomic weapons. Furthermore, the cooperation to be undertaken must be in accordance with section 123 of the act.

The two agreements which are before the Joint Committee meet each of the above conditions. The Subcommittee on Agreements for Cooperation has been assured that any specific restricted data proposed to be communicated under these agreements will be scrupulously subjected to the test of joint determination by the Atomic Energy Commission and the Department of Defense that the specific items of restricted data will not reveal important information about nuclear components of weapons.

Section 123 of the act requires, in regard to Agreements for Cooperation pursuant to section 144b, that the proposed agreement be submitted to the President, together with the recommendations of the Department of Defense thereon. The agreement must include terms, conditions, duration, nature, and scope of the cooperation. It must include a guaranty by the cooperating party that security safeguards and standards as set forth in the Agreement for Cooperation will be maintained (since no material is to be transferred pursuant to the two agreements before the joint committee, section 123a does not pertain), and a guaranty by the cooperating party that restricted data will not

be transferred to unauthorized persons or beyond the jurisdiction of the cooperating party, except as specified in the Agreement for Cooperation. Section 123 also required the President to approve and authorize execution of a proposed agreement and to make a determination in writing that the performance of the agreement will promote and will not constitute an unreasonable risk to the common defense and security.

Finally, section 123 requires that the proposed agreement, together with the determination and approval of the President, be submitted to the joint committee, and that a period of 30 days elapse while Congress is in session before the agreement may become effective.

The two agreements presently before the joint committee meet all statutory tests of section 123. Further, they were negotiated, recommended and approved by the Department of Defense and the President, in accordance with the terms of section 123. On April 13, 1955, they were submitted to the Joint Committee on Atomic Energy and, upon the expiration of the statutory time of 30 days when Congress is in session, they may be executed.

THE AGREEMENTS AND PERTINENT DOCUMENTS

There follow, as appendix I, the agreement with Canada and the correspondence relating thereto; and, as appendix II, the agreement with the United Kingdom and the correspondence relating thereto.

Joint Committee on Atomic Energy:

CLINTON P. ANDERSON, *Chairman.*
CARL T. DURHAM, *Vice Chairman.*
RICHARD B. RUSSELL.
JOHN O. PASTORE.
ALBERT GORE.
HENRY M. JACKSON.
BOURKE B. HICKENLOOPER.
EUGENE D. MILLIKIN.
WILLIAM F. KNOWLAND.
JOHN W. BRICKER.
CHET HOLIFIELD.
MELVIN PRICE.
PAUL J. KILDAY.
JOHN J. DEMPSEY.
STERLING COLE.
CARL HINSHAW.
JAMES E. VAN ZANDT.
JAMES T. PATTERSON.

Subcommittee on Agreements for Cooperation:

JOHN O. PASTORE, *Chairman.*
CLINTON P. ANDERSON.
BOURKE B. HICKENLOOPER.
JOHN W. BRICKER.
CARL T. DURHAM.
MELVIN PRICE.
STERLING COLE.

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APPENDIX I

THE SECRETARY OF DEFENSE,
Washington, June 10, 1955.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: Section 144 (b) of the Atomic Energy Act of 1954 empowers you to authorize the Department of Defense, with the assistance of the Atomic Energy Commission, to cooperate with another nation or regional defense organization to which the United States is a party and to communicate to that nation or organization such atomic information as is necessary to the development of defense plans, the training of personnel in the employment of and defense against atomic weapons, and the evaluation of the capabilities of potential enemies in the employment of atomic weapons. This cooperation and communication, however, may be undertaken only in accordance with the limitations imposed by the act and under an agreement entered into pursuant to section 123 thereof.

The first of these agreements was with the North Atlantic Treaty Organization. It was approved by you on April 13, 1955, and has been before the Joint Committee on Atomic Energy for the required 30-day period. With the cooperation of the Department of State, a separate agreement has now been negotiated with Canada and recommended for signature. This proposed agreement is submitted herewith for your approval.

It is the view of this Department that this agreement is entirely in accord with the provisions of the Atomic Energy Act of 1954. The execution of this agreement should do much to advance our mutual defense interests, especially the vital cause of North American defense in which we have long been working closely with our Canadian neighbors, and will thereby aid materially in the defense of the United States. I therefore strongly recommend that you approve this proposed agreement as required by section 123 of the Atomic Energy Act and transmit the agreement to the Joint Committee on Atomic Energy, together with your determinations and authorizations as to execution.

With great respect, I am,
Faithfully yours,

C. E. WILSON.

THE WHITE HOUSE,
Washington, June 15, 1955.

The Honorable CLINTON P. ANDERSON,
Chairman, Joint Committee on Atomic Energy,
Washington, D. C.

DEAR SENATOR ANDERSON: Pursuant to section 123 of the Atomic Energy Act of 1954, I hereby submit to the Joint Committee on Atomic Energy a proposed agreement between the Governments of the United States and Canada for cooperation regarding communication of atomic information for mutual defense purposes under section 144 (b) of the act.

Under the terms of the proposed agreement, the United States may exchange with Canada, so long as Canada pursuant to an international arrangement continues to make substantial and material contributions to the mutual defense effort, atomic information which the United States considers necessary to (1) the development of defense plans; (2) the training of personnel in the employment of and defense against atomic weapons; and (3) the evaluation of the capabilities of potential enemies in the employment of atomic weapons. Canada will make atomic information available to the United States on the same basis.

Atomic information made available pursuant to the proposed agreement will not be transferred to unauthorized persons, or beyond the jurisdiction of the recipient government except where that information is to be communicated to another nation or regional organization which has already been given the same information under an agreement similar to this and then only to the extent such transfer is specifically authorized by the originating government.

Transfers of atomic information by the United States under the proposed agreement will be made only in accordance with the Atomic Energy Act of 1954 and such information will be safeguarded by the stringent security arrangements in effect between the United States and Canada when this agreement comes into force.

The agreement will remain in effect until terminated by agreement between the two governments, but the actual exchange of atomic information is entirely discretionary.

The Department of Defense has strongly recommended approval of this agreement. It is my firm conviction that through the cooperative measures foreseen in this agreement we will have aided materially not only in strengthening our own defenses but also those of our Canadian ally and will thereby contribute greatly to the mutual defense efforts which are of such vital importance to the maintenance of our common freedom.

Accordingly, I hereby determine that the performance of this proposed agreement will promote, and will not constitute an unreasonable risk to the common defense and security, and approve this agreement. In addition, I hereby authorize, subject to the provisions of the Atomic Energy Act of 1954, the Secretary of State to execute the proposed agreement and the Department of Defense, with the assistance of the Atomic Energy Commission, to cooperate with Canada and to communicate restricted data to Canada under the agreement.

Sincerely,

DWIGHT D. EISENHOWER.

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CANADA FOR COOPERATION REGARDING ATOMIC INFORMATION FOR MUTUAL DEFENSE PURPOSES

The Government of the United States of America and the Government of Canada,

Recognizing that their mutual security and defense requires that they be prepared to meet the contingencies of atomic warfare,

Recognizing that their common interests will be advanced by the exchange of information pertinent thereto,

Believing that the exchange of such information can be undertaken without threat to the security of either country, and

Taking into consideration the United States Atomic Energy Act of 1954 and the Canadian Atomic Energy Control Act and Atomic Energy Regulations, which were prepared with these purposes in mind,

Agree as follows:

ARTICLE I

1. While the United States and Canada are participating in international arrangements for their mutual defense and security and making substantial and material contribution thereto, each Government will from time to time make available to the other Government atomic information which the Government making such information available deems necessary to:

(a) the development of defense plans;

(b) the training of personnel in the employment of and defense against atomic weapons; and

(c) the evaluation of the capabilities of potential enemies in the employment of atomic weapons.

2. Atomic information which is transferred by either Government pursuant to this agreement shall be used by the other Government exclusively for the preparation and implementation of defense plans in the mutual interests of the two countries.

ARTICLE II

1. All transfers of atomic information to Canada by the United States pursuant to this Agreement will be made in compliance with the provisions of the United States Atomic Energy Act of 1954 and any subsequent applicable United States legislation. All transfers of atomic information to the United States by Canada pursuant to this Agreement will be made in compliance with the Atomic Energy Control Act and the Atomic Energy Regulations of Canada or subsequent applicable Canadian legislation and regulations.

2. Under this Agreement there will be no transfers by the United States or Canada of atomic weapons or special nuclear material, as these terms are defined in Section 11 d. and Section 11 t. of the United States Atomic Energy Act of 1954.

ARTICLE III

1. Atomic information made available pursuant to this Agreement shall be accorded full security protection under applicable security arrangements between the United States and Canada and applicable national legislation and regulations of the two countries. In no case shall either Government maintain security standards for safeguarding atomic information made available pursuant to this

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Agreement lower than those set forth in the applicable security arrangements in effect on the date this Agreement comes into force

2. Atomic information which is exchanged pursuant to this Agreement will be made available through channels existing or hereafter agreed for the exchange of classified defense information between the two Governments.

3. Atomic information received pursuant to this Agreement shall not be transferred by the recipient Government to any unauthorized person or, except as provided in Article V of this Agreement, beyond the jurisdiction of that Government. Each Government may stipulate the degree to which any of the categories of information made available to the other Government pursuant to this Agreement may be disseminated, may specify the categories of persons who may have access to such information, and may impose such other restrictions on the dissemination of such information as it deems necessary.

ARTICLE IV

As used in this Agreement, "atomic information" means:

(a) so far as concerns the information provided by the United States, Restricted Data, as defined in Section 11 r. of the United States Atomic Energy Act of 1954 which is permitted to be communicated pursuant to the provisions of Section 144 b. of that Act and information relating primarily to the military utilization of atomic weapons which has been removed from the Restricted Data category in accordance with the provisions of Section 142 d. of the United States Atomic Energy Act of 1954;

(b) so far as concerns the information provided by Canada, classified information relating to the military application of atomic energy.

ARTICLE V

Nothing herein shall be interpreted or operate as a bar or restriction to consultation and cooperation by the United States or Canada with other nations or regional organizations in any fields of defense. Neither Government, however, shall communicate atomic information made available by the other Goverament pursuant to his Agreement to any nation or regional organization unless the same information has been made available to that nation or regional organization by the other Government in accordance with its own legislative requirements and except to the extent that such communication is expressly authorized by such other Government.

ARTICLE VI

This agreement shall enter into force on the date of receipt by the Government of Canada of a notification from the Government of the United States of America that the period of thirty days required by Section 123 c. of the U. S. Atomic Energy Act of 1954 has elapsed, and shall remain in effect until terminated by mutual agreement of both Governments.

Done at Washington this fifteenth day of June 1955 in two original texts.

For the United States of America:

C. BURKE ELBRICK.

For Canada:

A. D. P. HEENEY.

APPENDIX II

THE SECRETARY OF DEFENSE,
Washington, June 14, 1955.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: Section 144 (b) of the Atomic Energy Act of 1954 empowers you to authorize the Department of Defense, with the assistance of the Atomic Energy Commission, to cooperate with another nation or regional defense organization to which the United States is a party and to communicate to that nation or organization such atomic information as is necessary to the development of defense plans, the training of personnel in the employment of and defense against atomic weapons, and the evaluation of the capabilities of potential enemies in the employment of atomic weapons. This cooperation and communication, however, may be undertaken only in accordance with the limitations imposed by the act and under an agreement entered into pursuant to section 123 thereof.

The first of these agreements was with the North Atlantic Treaty Organization. It was approved by you on April 13, 1955, and has been before the Joint Committee

on Atomic Energy for the required 30-day period. With the cooperation of the Department of State, a separate agreement has now been negotiated with the United Kingdom and recommended for signature. This proposed agreement is submitted herewith for your approval.

It is the view of this Department that this agreement is entirely in accord with the provision of the Atomic Energy Act of 1954. I am convinced that it will fully serve the best interests of the United States by making possible a further significant extension of the close cooperation in the field of mutual defense which has characterized our relationships with the United Kingdom for so many years. I therefore strongly recommend that you approve this proposed agreement as required by section 123 of the Atomic Energy Act and transmit the agreement to the Joint Committee on Atomic Energy together with your determinations and authorizations as to execution.

With great respect, I am

Faithfully yours,

C. E. WILSON.

JUNE 15, 1955.

The Honorable CLINTON P. ANDERSON,
Chairman, Joint Committee on Atomic Energy,
Washington, D. C.

DEAR SENATOR ANDERSON: Pursuant to section 123 of the Atomic Energy Act of 1954, I hereby submit to the Joint Committee on Atomic Energy a proposed agreement between the Governments of the United States and the United Kingdom for cooperation regarding communication of atomic information for mutual defense purposes under section 144 (b) of the act.

Under the terms of the proposed agreement, the United States may exchange with the United Kingdom, so long as the United Kingdom pursuant to an international arrangement continues to make substantial and material contributions to the mutual defense effort, atomic information which the United States considers necessary to (1) the development of defense plans; (2) the training of personnel in the employment of and defense against atomic weapons; and (3) the evaluation of the capabilities of potential enemies in the employment of atomic weapons.

The United Kingdom will make atomic information available to the United States on the same basis.

Atomic information made available pursuant to the proposed agreement will not be transferred to unauthorized persons, or beyond the jurisdiction of the recipient government except where that information is to be communicated to another nation or regional organization which has already been given the same information under an agreement similar to this and then only to the extent such transfer is specifically authorized by the originating government.

Transfers of atomic information by the United States under the proposed agreement will be made only in accordance with the Atomic Energy Act of 1954 and such information will be safeguarded by the stringent security arrangements in effect between the United States and the United Kingdom when this agreement comes into force.

The agreement will remain in effect until terminated by agreement between the two governments, but the actual exchange of atomic information is entirely discretionary.

The Department of Defense has strongly recommended approval of this agreement. It is my firm conviction that through the cooperative measures foreseen in this agreement we will have aided materially not only in strengthening our own defenses but also those of our British ally and will thereby contribute greatly to the mutual defense efforts which are of such vital importance to the maintenance of our common freedom.

Accordingly, I hereby determine that the performance of this proposed agreement will promote, and will not constitute an unreasonable risk to, the common defense and security, and approve this agreement. In addition, I hereby authorize, subject to the provisions of the Atomic Energy Act of 1954, the Secretary of State to execute the proposed agreement and the Department of Defense, with the assistance of the Atomic Energy Commission, to cooperate with the United Kingdom and to communicate restricted data to the United Kingdom under the agreement.

Sincerely,

DWIGHT D. EISENHOWER.

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AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FOR COOPERATION REGARDING ATOMIC INFORMATION FOR MUTUAL DEFENSE PURPOSES

The Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland,

Recognizing that their mutual security and defense requires that they be prepared to meet the contingencies of atomic warfare,

Recognizing that their common interests will be advanced by the exchange of information pertinent thereto,

Believing that the exchange of such information can be undertaken without threat to the security of either country, and

Taking into consideration the United States Atomic Energy Act of 1954, which was prepared with these purposes in mind,

Agree as follows:

ARTICLE I

1. While the United States and the United Kingdom are participating in international arrangements for their mutual defense and security and making substantial and material contribution thereto, each Government will from time to time make available to the other Government atomic information which the Government making such information available deems necessary to:

(a) the development of defense plans;

(b) the training of personnel in the employment of and defense against atomic weapons; and

(c) the evaluation of the capabilities of potential enemies in the employment of atomic weapons.

2. Atomic information which is transferred by either Government pursuant to this agreement shall be used by the other Government exclusively for the preparation and implementation of defense plans in the mutual interests of the two countries.

ARTICLE II

1. All transfers of atomic information to the United Kingdom by the United States pursuant to this Agreement will be made in compliance with the provisions of the United States Atomic Energy Act of 1954 and any subsequent applicable United States legislation. All transfers of atomic information to the United States by the United Kingdom pursuant to this Agreement will be made in compliance with the United Kingdom Official Secrets Acts, 1911–1939, and the United Kingdom Atomic Energy Act of 1946.

2. Under this Agreement there will be no transfers by the United States or the United Kingdom of atomic weapons or special nuclear material, as these terms are defined in Section 11d, and Section 11t, of the United States Atomic Energy Act of 1954.

ARTICLE III

1. Atomic information made available pursuant to this Agreement shall be accorded full security protection under applicable security arrangements between the United States and the United Kingdom and applicable national legislation and regulations of the two countries. In no case shall either Government maintain security standards for safeguarding atomic information made available pursuant to this Agreement lower than those set forth in the applicable security arrangements in effect on the date this Agreement comes into force.

2. Atomic information which is exchanged pursuant to this Agreement will be made available through channels existing or hereafter agreed for the exchange of classified defense information between the two Governments.

3. Atomic information received pursuant to this Agreement shall not be transferred by the recipient Government to any unauthorized person or, except as provided in Article V of this Agreement, beyond the jurisdiction of that Government. Each Government may stipulate the degree to which any of the categories of information made available to the other Government pursuant to this Agreement may be disseminated, may specify the categories of persons who may have access to such information, and may impose such other restrictions on the dissemination of such information as it deems necessary.

ARTICLE IV

As used in this Agreement, "atomic information" means:

(a) so far as concerns the information provided by the United States, Restricted Data, as defined in Section 11 r. of the United States Atomic Energy Act of 1954, which is permitted to be communicated pursuant to the provisions of Section 144 b. of that Act, and information relating primarily to the military utilization of atomic weapons which has been removed from the Restricted Data category in accordance with the provisions of Section 142 d. of the United States Atomic Energy Act of 1954;

(b) so far as concerns the information provided by the United Kingdom, information exchanged under this Agreement which is either classified atomic energy information or other United Kingdom defense information which it is decided to transfer to the United States in pursuance of Article I of this Agreement.

ARTICLE V

Nothing herein shall be interpreted or operate as a bar or restriction to consultation and cooperation by the United States or the United Kingdom with other nations or regional organizations in any fields of defense. Neither Government, however, shall communicate atomic information made available by the other Government pursuant to this Agreement to any nation or regional organization unless the same information has been made available to that nation or regional organization by the other Government in accordance with its own legislative requirements and except to the extent that such communication is expressly authorized by such other Government.

ARTICLE VI

This Agreement shall enter into force on the date on which each Government shall receive from the other Government written notification that it has complied with all statutory and constitutional requirements for the entry into force of such an Agreement, and shall remain in effect until terminated by mutual agreement of both Governments.

Done at Washington this Fifteenth day of June 1955 in two original texts.

For the United States of America:

C. BURKE ELBRICK.

For the United Kingdom of Great Britain and Northern Ireland:

R. H. SCOTT.

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